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3003 N. Central Avenue  
Suite 2600  
Phoenix, Arizona 85012  
Attorneys for Arizona-American  
Water Company, Inc.

**BEFORE THE ARIZONA CORPORATION COMMISSION**

IN THE MATTER OF THE  
APPLICATION OF ARIZONA-  
AMERICAN WATER COMPANY, AN  
ARIZONA CORPORATION, FOR A  
DETERMINATION OF THE CURRENT  
FAIR VALUE OF ITS UTILITY PLANT  
AND PROPERTY AND FOR  
INCREASES IN ITS RATES AND  
CHARGES BASED THEREON FOR  
UTILITY SERVICE BY ITS SUN CITY  
WEST WATER AND WASTEWATER  
DISTRICTS.

IN THE MATTER OF THE  
APPLICATION OF ARIZONA-  
AMERICAN WATER COMPANY, INC.,  
AN ARIZONA CORPORATION, FOR A  
DETERMINATION OF THE CURRENT  
FAIR VALUE OF ITS UTILITY PLANT  
AND PROPERTY AND FOR  
INCREASES IN ITS RATES AND  
CHARGES BASED THEREON FOR  
UTILITY SERVICE BY ITS SUN CITY  
WATER AND WASTEWATER  
DISTRICTS.

IN THE MATTER OF THE  
APPLICATION OF ARIZONA-  
AMERICAN WATER COMPANY, AN  
ARIZONA CORPORATION, FOR A  
DETERMINATION OF THE CURRENT  
FAIR VALUE OF ITS UTILITY PLANT  
AND PROPERTY AND FOR  
INCREASES IN ITS RATES AND  
CHARGES BASED THEREON FOR  
UTILITY SERVICE BY ITS MOHAVE  
WATER AND HAVASU WATER  
DISTRICTS.

**DOCKET NO. WS-01303A-02-0867**

Arizona Corporation Commission

**DOCKETED**

DEC 17 2003

DOCKETED BY	<i>CKL</i>
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**DOCKET NO. WS-01303A-02-0868**

**DOCKET NO. W-01303A-02-0869**

**ARIZONA-AMERICAN WATER  
COMPANY'S NOTICE  
REGARDING REBUTTAL CASE**

1 IN THE MATTER OF THE  
2 APPLICATION OF ARIZONA-  
3 AMERICAN WATER COMPANY, AN  
4 ARIZONA CORPORATION, FOR A  
5 DETERMINATION OF THE CURRENT  
6 FAIR VALUE OF ITS UTILITY PLANT  
7 AND PROPERTY AND FOR  
8 INCREASES IN ITS RATES AND  
9 CHARGES BASED THEREON FOR  
10 UTILITY SERVICE BY ITS ANTHEM  
11 WATER, AGUA FRIA WATER AND  
12 ANTHEM/AGUA FRIA WASTEWATER  
13 DISTRICTS.

DOCKET NO. WS-01303A-02-0870

8 IN THE MATTER OF THE  
9 APPLICATION OF ARIZONA-  
10 AMERICAN WATER COMPANY, AN  
11 ARIZONA CORPORATION, FOR A  
12 DETERMINATION OF THE CURRENT  
13 FAIR VALUE OF ITS UTILITY PLANT  
14 AND PROPERTY AND FOR  
15 INCREASES IN ITS RATES AND  
16 CHARGES BASED THEREON FOR  
17 UTILITY SERVICE BY ITS TUBAC  
18 WATER DISTRICT.

DOCKET NO. W-01303A-02-0908

14 Arizona-American Water Company ("Arizona-American" or "Company"), hereby  
15 submits this notice regarding its rebuttal case.

16 **I. Rebuttal Issues**

- 17 a. Selection of test year and rate case process  
18 b. Rate case expense  
19 c. Pro forma adjustment to general and administrative expenses

20 **II. Rebuttal Witnesses.**

- 21 a. Thomas J. Bourassa  
22 b. David P. Stephenson  
23 c. Ray L. Jones

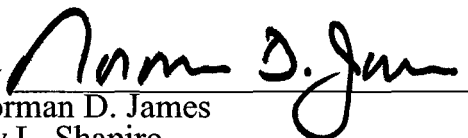
24 **III. Rebuttal Exhibits**

- 25 a. Arizona-American's responses to Staff's 39<sup>th</sup> set of data requests  
26 b. Update of rate case expense

- 1 c. Chronology of key events  
2 d. Year-end customer counts and maximum impacts schedule  
3 e. Chart of data requests and discovery topics with back up schedule  
4 f. Company's response to data request DWC 4-4  
5 g. Company's response to data request DWC 4-5  
6 h. Company's response to data request BKB 20-1  
7 i. Company's response to data request BKB 20-5

8 RESPECTFULLY SUBMITTED this 17<sup>th</sup> day of December, 2003.

9  
10 FENNEMORE CRAIG

11  
12 By   
13 Norman D. James  
14 Jay L. Shapiro  
15 3003 North Central Avenue  
16 Suite 2600  
17 Phoenix, AZ 85012  
18 Attorneys for Applicant  
19 Arizona-American Water Company

16  
17 An original and 21 copies of the  
18 foregoing and attachments  
19 were delivered this 17<sup>th</sup> day of  
20 December, 2003, to:

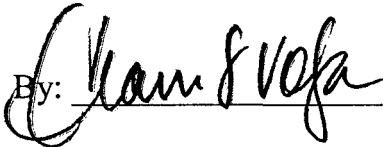
21 Docketing Supervisor  
22 Docket Control  
23 Arizona Corporation Commission  
24 1200 West Washington  
25 Phoenix, AZ 85007

26 A copy of the foregoing and attachments  
hand-delivered this 17<sup>th</sup> day of  
December, 2003, to:

Teena Wolfe  
Administrative Law Judge  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, AZ

1 Timothy Sabo, Esq.  
Gary Horton, Esq.  
2 Legal Division  
Arizona Corporation Commission  
3 1200 West Washington  
Phoenix, AZ  
4  
5 Darron Carlson  
Utilities Division  
Arizona Corporation Commission  
6 1200 West Washington  
Phoenix, AZ  
7  
8 Daniel Pozefsky  
Residential Utilities Consumer Office  
1110 W. Washington, Suite 220  
9 Phoenix, AZ 85007  
10 And a copy e-mailed and mailed this 17<sup>th</sup>  
day of December, 2003 to:  
11  
12 Carlton G. Young  
3203 W. Steinbeck Dr.  
Anthem, AZ 85086  
13  
14 Frank J. Grimmelmann  
42441 N. Cross Timbers Court  
Anthem, AZ 85086  
15  
16 Raymond E. Dare  
Sun City Taxpayers' Association  
12611 N. 103<sup>rd</sup> Ave., Suite D  
17 Sun City, AZ 85351-3467  
18  
19 William P. Sullivan  
Paul R. Michaud  
Martinez & Curtis  
20 2712 N. 7<sup>th</sup> St.  
Phoenix, AZ 85006  
Attorneys for the Town of Youngtown  
21  
22 Walter Meek  
Arizona Utility Investors Association  
2100 N. Central Ave.  
23 Phoenix, AZ 85004  
24  
25 John Buric, Esq.  
Warner Angle Hallam Jackson & Formanek  
3550 N. Central Ave., Suite 1500  
Phoenix, AZ 85012  
26 Attorneys for Fiesta RV Resort

1 Kenneth C. Sundlof, Jr., Esq.  
2 Robert Taylor, Esq.  
3 The Collier Center, 11th Floor  
4 201 E. Washington St.  
5 Phoenix, AZ 85004-2385  
6 Attorneys for Sun Health Corporation

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By: 

PHX/1492959.1/73244.034

**ATTACHMENT**

**a**

**ARIZONA-AMERICAN WATER COMPANY**  
**2003 GENERAL RATE CASE**  
**DOCKET NOS. WS-01303A-02-0867, 0868, 0869, 0870, and 0908**  
**RESPONSE TO DATA REQUEST NO. AII 39-1**

Response provided by: David P. Stephenson  
Title: Director of Rates & Planning  
Company Name: American Water Works Service Company  
Address: 303 H Street, Suite 250  
Chula Vista, CA 91910

Company Response Number: AII 39-1

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- Q. Please provide the 2002 consolidated income statement only for the ten systems involved in this proceeding. Also provide a copy of the 2002 income statement for each of the ten systems.
- A. Please see the attached file entitled AII 39-1.
-

83500  
GL023USR  
ISGRCONLY

Income Statement  
Filed Systems Only & Corporate  
For the Period Ending December 31, 2002

Arizona-American Water Co.

Description	Yr to Date December Actual
1 OPERATING REVENUES	
2 Water	26,748,402
3 Sewer	8,778,157
4 Other	3,442,021
5 Management	
6 Total Revenues	38,966,580
7 OPERATIONS & MAINTENANCE EXPENSE	
8 Labor	3,649,780
9 Purchased Water	3,585,594
10 Fuel & Power	3,928,681
11 Chemicals	332,868
12 Waste Disposal	2,886,598
13 Management Fees	4,426,076
14 Group Insurance	595,877
15 Pensions	5934
16 Regulatory Expense	4,001
17 Insurance Other Than Group	205,175
18 Customer Accounting	328,986
19 Rents	148,668
20 General Office Expense	445,746
21 Miscellaneous	3,223,506
25 Other Maintenance	601,792
Total Maintenance & Operations Expense	24,349,082
27 Depreciation	9,259,332
28 Amortization	252,939
29 General Taxes	1,752,692
30 State Income Taxes	-146190
31 Federal Income Taxes	-649777
32 Tax Savings Acquisition Adjustment	
33 Total Operating Expenses	34,818,078
34 Utility Operating Income	4,148,502
35 OTHER INCOME & DEDUCTIONS	
36 Non-Operating Rental Income	
37 Dividend Income-Common	
38 Dividend Income-Preferred	
39 Interest Income	22,352
40 AFUDC Equity	677,257
41	
42 M & J Miscellaneous Income	-17,074
43 Gain(Loss)on Disposition	
45 Total Other Income	682,535
46 Miscellaneous Amortization	
47 Tax Savings Acquisition Adjustment	
48 Misc. Other Deductions	640,051
49 General Taxes	
50 State Income Taxes	3041
51 Federal Income Taxes	-42675
52 Total Other Deductions	600,417
53 Total Other Income	82,118
54 Income Before Interest Charges	4,230,620
55 INTEREST CHARGES	
56 Interest on Long-Term Debt	7,683,778
57 Amortization and Debt Expense	29,632
58 Interest-Short Term Bank Debt	35,828
59 Other Interest Expense	36,075
60 AFUDC-Debt	-256398
61 Total Interest Charges	7,528,913
62 Net Income	-3,298,293
64 Preferred Dividend Declared	
65 Net Income to Common Stock	-3,298,293



GL023USR  
ISMOANTHSW

83500 American Water Works Company  
AF/Anthem WasteWater (2382,2384)  
Income Statement  
As of December 31, 2002

Arizona-American Water Co.  
Description

YTD

1 OPERATING REVENUES	
2 Water	1,674,116
3 Sewer	1,003,430
4 Other	884,289
5 Management	
6 Total Revenues	3,541,835
7 OPERATIONS & MAINTENANCE EX	
8 Labor	201,987
9 Purchased Water	
10 Fuel & Power	40,121
11 Chemicals	45,607
12 Waste Disposal	1,715,623
13 Management Fees	
14 Group Insurance	22,951
15 Pensions	-36
16 Regulatory Expense	
17 Insurance Other Than Group	-183
18 Customer Accounting	562
19 Rents	41,186
20 General Office Expense	3,589
21 Miscellaneous	82,545
25 Other Maintenance	10,136
Total Maintenance & Operation	2,164,068
27 Depreciation	148,372
28 Amortization	
29 General Taxes	141,479
30 State Income Taxes	
31 Federal Income Taxes	
32 Tax Savings Acquisition	
33 Total Operating Expenses	2,453,919
34 Utility Operating Income	1,087,916
35 OTHER INCOME & DEDUCTIONS	
36 Non-Operating Rental Income	
37 Dividend Income-Common	
38 Dividend Income-Preferred	
39 Interest Income	
40 AFUDC Equity	106,394
41	
42 M & J Miscellaneous Income	
43 Gain(Loss)on Disposition	
45 Total Other Income	106,394
46 Miscellaneous Amortization	
47 Tax Savings Acquisition	
48 Misc. Other Deductions	
49 General Taxes	
50 State Income Taxes	
51 Federal Income Taxes	
52 Total Other Deductions	
53 Total Other Income	106,394
54 Income Before Interest C	1,194,310
55 INTEREST CHARGES	
56 Interest on Long-Term Debt	
57 Amortization and Debt	
58 Interest-Short Term Bank	
59 Other Interest Expense	
60 AFUDC-Debt	-42317
61 Total Interest Charges	-42317
62 Net Income	1,236,627

GL023USR  
ISMOANTHWT

83500 American Water Works Compa  
Anthem Water (2381,2383)  
Income Statement  
As of December 31, 2002

Arizona-American Water Co.  
Description

YTD

1 OPERATING REVENUES	
2 Water	3,756,619
3 Sewer	-3887
4 Other	1,304,700
5 Management	
6 Total Revenues	5,057,432
7 OPERATIONS & MAINTENANCE EX	
8 Labor	304,918
9 Purchased Water	1,897,901
10 Fuel & Power	620,567
11 Chemicals	20,176
12 Waste Disposal	19,564
13 Management Fees	
14 Group Insurance	38,776
15 Pensions	277
16 Regulatory Expense	
17 Insurance Other Than Group	-508
18 Customer Accounting	10,974
19 Rents	2,910
20 General Office Expense	11,915
21 Miscellaneous	281,896
25 Other Maintenance	51,311
Total Maintenance & Operation	3,260,677
27 Depreciation	1,745,385
28 Amortization	
29 General Taxes	149,680
30 State Income Taxes	
31 Federal Income Taxes	
32 Tax Savings Acquisition	
33 Total Operating Expenses	5,155,742
34 Utility Operating Income	-98310
35 OTHER INCOME & DEDUCTIONS	
36 Non-Operating Rental Income	
37 Dividend Income-Common	
38 Dividend Income-Preferred	
39 Interest Income	
40 AFUDC Equity	325,398
41	
42 M & J Miscellaneous Income	4,134
43 Gain(Loss)on Disposition	
45 Total Other Income	329,532
46 Miscellaneous Amortization	
47 Tax Savings Acquisition	
48 Misc. Other Deductions	
49 General Taxes	
50 State Income Taxes	
51 Federal Income Taxes	
52 Total Other Deductions	
53 Total Other Income	329,532
54 Income Before Interest C	231,222
55 INTEREST CHARGES	
56 Interest on Long-Term Debt	
57 Amortization and Debt	
58 Interest-Short Term Bank	
59 Other Interest Expense	
60 AFUDC-Debt	-122565
61 Total Interest Charges	-122565
62 Net Income	353,787

GL023USR  
ISMON2361

83500 American Water Works Com  
Agua Fria  
Income Statement  
As of December 31, 2002

AZ-Agua Fria  
Description

YTD

1 OPERATING REVENUES	
2 Water	6,376,404
3 Sewer	
4 Other	986,116
5 Management	
6 Total Revenues	7,362,520
7 OPERATIONS & MAINTENANCE EX	
8 Labor	437,711
9 Purchased Water	819,426
10 Fuel & Power	615,906
11 Chemicals	8,701
12 Waste Disposal	
13 Management Fees	-508
14 Group Insurance	37,992
15 Pensions	-321
16 Regulatory Expense	867
17 Insurance Other Than Group	-10526
18 Customer Accounting	20,800
19 Rents	1,075
20 General Office Expense	42,687
21 Miscellaneous	187,362
25 Other Maintenance	113,367
Total Maintenance & Operation	2,274,539
27 Depreciation	1,455,197
28 Amortization	
29 General Taxes	272,357
30 State Income Taxes	
31 Federal Income Taxes	
32 Tax Savings Acquisition	
33 Total Operating Expenses	4,002,093
34 Utility Operating Income	3,360,427
35 OTHER INCOME & DEDUCTIONS	
36 Non-Operating Rental Income	
37 Dividend Income-Common	
38 Dividend Income-Preferred	
39 Interest Income	
40 AFUDC Equity	94,353
41	
42 M & J Miscellaneous Income	
43 Gain(Loss)on Disposition	
45 Total Other Income	94,353
46 Miscellaneous Amortization	
47 Tax Savings Acquisition	
48 Misc. Other Deductions	450
49 General Taxes	
50 State Income Taxes	
51 Federal Income Taxes	
52 Total Other Deductions	450
53 Total Other Income	93,903
54 Income Before Interest C	3,454,330
55 INTEREST CHARGES	
56 Interest on Long-Term Debt	
57 Amortization and Debt	
58 Interest-Short Term Bank	
59 Other Interest Expense	
60 AFUDC-Debt	-39021
61 Total Interest Charges	-39021
62 Net Income	3,493,351
64 Preferred Dividend Declare	

GL023USR  
ISMON2362

83500 American Water Works Com  
Sun City Water  
Income Statement  
As of December 31, 2002

AZ-Sun City Water  
Description

YTD

1 OPERATING REVENUES	
2 Water	6,403,769
3 Sewer	
4 Other	109,997
5 Management	
6 Total Revenues	6,513,766
7 OPERATIONS & MAINTENANCE EX	
8 Labor	804,816
9 Purchased Water	544,557
10 Fuel & Power	1,430,730
11 Chemicals	19,673
12 Waste Disposal	
13 Management Fees	
14 Group Insurance	119,943
15 Pensions	-3119
16 Regulatory Expense	2,272
17 Insurance Other Than Group	-4893
18 Customer Accounting	21,286
19 Rents	1,881
20 General Office Expense	56,340
21 Miscellaneous	290,886
25 Other Maintenance	98,011
Total Maintenance & Operation	3,382,683
27 Depreciation	1,064,785
28 Amortization	
29 General Taxes	321,627
30 State Income Taxes	
31 Federal Income Taxes	
32 Tax Savings Acquisition	
33 Total Operating Expenses	4,769,095
34 Utility Operating Income	1,744,671
35 OTHER INCOME & DEDUCTIONS	
36 Non-Operating Rental Income	
37 Dividend Income-Common	
38 Dividend Income-Preferred	
39 Interest Income	
40 AFUDC Equity	40,173
41	
42 M & J Miscellaneous Income	
43 Gain(Loss)on Disposition	
45 Total Other Income	40,173
46 Miscellaneous Amortization	
47 Tax Savings Acquisition	
48 Misc. Other Deductions	48
49 General Taxes	
50 State Income Taxes	
51 Federal Income Taxes	
52 Total Other Deductions	48
53 Total Other Income	40,125
54 Income Before Interest C	1,784,796
55 INTEREST CHARGES	
56 Interest on Long-Term Debt	
57 Amortization and Debt	
58 Interest-Short Term Bank	
59 Other Interest Expense	
60 AFUDC-Debt	-15856
61 Total Interest Charges	-15856
62 Net Income	1,800,652

GL023USR  
ISMON2363

83500 American Water Works Com  
Sun City WasteWater  
Income Statement  
As of December 31, 2002

AZ-Sun City Wastewater Description	YTD
1 OPERATING REVENUES	
2 Water	-245
3 Sewer	4,570,297
4 Other	1,485
5 Management	
6 Total Revenues	4,571,537
7 OPERATIONS & MAINTENANCE EX	
8 Labor	69,405
9 Purchased Water	
10 Fuel & Power	17,483
11 Chemicals	9,420
12 Waste Disposal	1,127,082
13 Management Fees	
14 Group Insurance	9,281
15 Pensions	122
16 Regulatory Expense	
17 Insurance Other Than Group	
18 Customer Accounting	762
19 Rents	8,831
20 General Office Expense	20,765
21 Miscellaneous	74,916
25 Other Maintenance	36,849
Total Maintenance & Operation	1,372,896
27 Depreciation	444,249
28 Amortization	
29 General Taxes	196,014
30 State Income Taxes	
31 Federal Income Taxes	
32 Tax Savings Acquisition	
33 Total Operating Expenses	2,013,159
34 Utility Operating Income	2,558,378
35 OTHER INCOME & DEDUCTIONS	
36 Non-Operating Rental Incom	
37 Dividend Income-Common	
38 Dividend Income-Preferred	
39 Interest Income	
40 AFUDC Equity	17,645
41	
42 M & J Miscellaneous Income	
43 Gain(Loss)on Disposition	
45 Total Other Income	17,645
46 Miscellaneous Amortization	
47 Tax Savings Acquisition	
48 Misc. Other Deductions	
49 General Taxes	
50 State Income Taxes	
51 Federal Income Taxes	
52 Total Other Deductions	
53 Total Other Income	17,645
54 Income Before Interest C	2,576,023
55 INTEREST CHARGES	
56 Interest on Long-Term Debt	
57 Amortization and Debt	
58 Interest-Short Term Bank	
59 Other Interest Expense	
60 AFUDC-Debt	-7617
61 Total Interest Charges	-7617
62 Net Income	2,583,640
64 Preferred Dividend Declare	

GL023USR  
ISMON2364

83500 American Water Works Com  
Sun City West Water  
Income Statement  
As of December 31, 2002

AZ-Sun City West Water Description	YTD
1 OPERATING REVENUES	
2 Water	3,640,842
3 Sewer	
4 Other	29,931
5 Management	
6 Total Revenues	3,670,773
7 OPERATIONS & MAINTENANCE EX	
8 Labor	338,769
9 Purchased Water	308,654
10 Fuel & Power	601,281
11 Chemicals	7,911
12 Waste Disposal	
13 Management Fees	
14 Group Insurance	33,862
15 Pensions	-248
16 Regulatory Expense	862
17 Insurance Other Than Group	-7781
18 Customer Accounting	8,850
19 Rents	1,006
20 General Office Expense	22,201
21 Miscellaneous	130,546
25 Other Maintenance	16,028
Total Maintenance & Operation	1,461,961
27 Depreciation	802,610
28 Amortization	
29 General Taxes	182,638
30 State Income Taxes	
31 Federal Income Taxes	
32 Tax Savings Acquisition	
33 Total Operating Expenses	2,447,209
34 Utility Operating Income	1,223,564
35 OTHER INCOME & DEDUCTIONS	
36 Non-Operating Rental Income	
37 Dividend Income-Common	
38 Dividend Income-Preferred	
39 Interest Income	
40 AFUDC Equity	8,208
41	
42 M & J Miscellaneous Income	
43 Gain(Loss)on Disposition	
45 Total Other Income	8,208
46 Miscellaneous Amortization	
47 Tax Savings Acquisition	
48 Misc. Other Deductions	
49 General Taxes	
50 State Income Taxes	
51 Federal Income Taxes	
52 Total Other Deductions	
53 Total Other Income	8,208
54 Income Before Interest C	1,231,772
55 INTEREST CHARGES	
56 Interest on Long-Term Debt	
57 Amortization and Debt	
58 Interest-Short Term Bank	
59 Other Interest Expense	
60 AFUDC-Debt	-3027
61 Total Interest Charges	-3027
62 Net Income	1,234,799
64 Preferred Dividend Declare	

GL023USR  
ISMON2365

83500 American Water Works Compa  
Sun City West WasteWater  
Income Statement  
As of December 31, 2002

AZ-Sun City West Wastewater  
Description

YTD

1 OPERATING REVENUES	
2 Water	
3 Sewer	3,208,317
4 Other	604
5 Management	
6 Total Revenues	3,208,921
7 OPERATIONS & MAINTENANCE EX	
8 Labor	419,731
9 Purchased Water	
10 Fuel & Power	200,019
11 Chemicals	214,192
12 Waste Disposal	4,329
13 Management Fees	
14 Group Insurance	63,690
15 Pensions	67
16 Regulatory Expense	
17 Insurance Other Than Group	-194
18 Customer Accounting	742
19 Rents	3,252
20 General Office Expense	24,089
21 Miscellaneous	256,259
25 Other Maintenance	186,676
Total Maintenance & Operation	1,372,852
27 Depreciation	1,550,875
28 Amortization	
29 General Taxes	201,118
30 State Income Taxes	
31 Federal Income Taxes	
32 Tax Savings Acquisition	
33 Total Operating Expenses	3,124,845
34 Utility Operating Income	84,076
35 OTHER INCOME & DEDUCTIONS	
36 Non-Operating Rental Income	
37 Dividend Income-Common	
38 Dividend Income-Preferred	
39 Interest Income	
40 AFUDC Equity	8,439
41	
42 M & J Miscellaneous Income	
43 Gain(Loss)on Disposition	
45 Total Other Income	8,439
46 Miscellaneous Amortization	
47 Tax Savings Acquisition	
48 Misc. Other Deductions	
49 General Taxes	
50 State Income Taxes	
51 Federal Income Taxes	
52 Total Other Deductions	
53 Total Other Income	8,439
54 Income Before Interest C	92,515
55 INTEREST CHARGES	
56 Interest on Long-Term Debt	
57 Amortization and Debt	
58 Interest-Short Term Bank	
59 Other Interest Expense	
60 AFUDC-Debt	-3265
61 Total Interest Charges	-3265
62 Net Income	95,780
64 Preferred Dividend Declare	

GL023USR	83500 American Water Works Com
ISMON2371	Mohave Water
	Income Statement
	As of December 31, 2002
AZ-Mohave Water	
Description	YTD
1 OPERATING REVENUES	
2 Water	4,240,308
3 Sewer	
4 Other	111,409
5 Management	
6 Total Revenues	4,351,717
7 OPERATIONS & MAINTENANCE EX	
8 Labor	587,618
9 Purchased Water	15,029
10 Fuel & Power	337,995
11 Chemicals	6,535
12 Waste Disposal	
13 Management Fees	-1493
14 Group Insurance	89,180
15 Pensions	-240
16 Regulatory Expense	
17 Insurance Other Than Group	-1223
18 Customer Accounting	27,767
19 Rents	77,626
20 General Office Expense	87,640
21 Miscellaneous	167,762
25 Other Maintenance	72,446
Total Maintenance & Operation	1,466,642
27 Depreciation	916,912
28 Amortization	
29 General Taxes	303,622
30 State Income Taxes	
31 Federal Income Taxes	
32 Tax Savings Acquisition	
33 Total Operating Expenses	2,687,176
34 Utility Operating Income	1,664,541
35 OTHER INCOME & DEDUCTIONS	
36 Non-Operating Rental Incom	
37 Dividend Income-Common	
38 Dividend Income-Preferred	
39 Interest Income	
40 AFUDC Equity	26,068
41	
42 M & J Miscellaneous Income	
43 Gain(Loss)on Disposition	
45 Total Other Income	26,068
46 Miscellaneous Amortization	
47 Tax Savings Acquisition	
48 Misc. Other Deductions	
49 General Taxes	
50 State Income Taxes	
51 Federal Income Taxes	
52 Total Other Deductions	
53 Total Other Income	26,068
54. Income Before Interest C	1,690,609
55 INTEREST CHARGES	
56 Interest on Long-Term Debt	
57 Amortization and Debt	
58 Interest-Short Term Bank	
59 Other Interest Expense	
60 AFUDC-Debt	-12132
61 Total Interest Charges	-12132
62 Net income	1,702,741
64 Preferred Dividend Declare	



83500  
GL023USR  
ISMON2373

American Water Works Company  
Havasu Water  
Income Statement by Month  
As of December 31, 2002

AZ-Havasu Water Description	YTD
1 OPERATING REVENUES	
2 Water	380,186
3 Sewer	
4 Other	7,555
5 Management	
6 Total Revenues	387,741
7 OPERATIONS & MAINTENANCE EX	
8 Labor	112,144
9 Purchased Water	27
10 Fuel & Power	52,725
11 Chemicals	1,086
12 Waste Disposal	
13 Management Fees	
14 Group Insurance	16,950
15 Pensions	-141
16 Regulatory Expense	
17 Insurance Other Than Group	-1498
18 Customer Accounting	16,774
19 Rents	3,335
20 General Office Expense	11,399
21 Miscellaneous	37,633
25 Other Maintenance	5,262
Total Maintenance & Operation	255,696
27 Depreciation	76,006
28 Amortization	
29 General Taxes	26,101
30 State Income Taxes	
31 Federal Income Taxes	
32 Tax Savings Acquisition	
33 Total Operating Expenses	357,803
34 Utility Operating Income	29,938
35 OTHER INCOME & DEDUCTIONS	
36 Non-Operating Rental Income	
37 Dividend Income-Common	
38 Dividend Income-Preferred	
39 Interest Income	
40 AFUDC Equity	7,360
41	
42 M & J Miscellaneous Income	
43 Gain(Loss)on Disposition	
45 Total Other Income	7,360
46 Miscellaneous Amortization	
47 Tax Savings Acquisition	
48 Misc. Other Deductions	
49 General Taxes	
50 State Income Taxes	
51 Federal Income Taxes	
52 Total Other Deductions	
53 Total Other Income	7,360
54 Income Before Interest C	37,298
55 INTEREST CHARGES	
56 Interest on Long-Term Debt	
57 Amortization and Debt	
58 Interest-Short Term Bank	
59 Other Interest Expense	
60 AFUDC-Debt	-2695
61 Total Interest Charges	-2695
62 Net Income	39,993

GL023USR  
ISMON2389

83500 American Water Works Com  
Tubac  
Income Statement  
As of December 31, 2002

AZ-Tubac  
Description

YTD

1 OPERATING REVENUES	
2 Water	273,005
3 Sewer	
4 Other	1,739
5 Management	
6 Total Revenues	274,744
7 OPERATIONS & MAINTENANCE EX	
8 Labor	65,303
9 Purchased Water	
10 Fuel & Power	11,098
11 Chemicals	
12 Waste Disposal	
13 Management Fees	
14 Group Insurance	5,772
15 Pensions	30
16 Regulatory Expense	
17 Insurance Other Than Group	-13
18 Customer Accounting	89
19 Rents	2,505
20 General Office Expense	7,282
21 Miscellaneous	24,249
25 Other Maintenance	3,508
Total Maintenance & Operation	119,823
27 Depreciation	54,829
28 Amortization	
29 General Taxes	25,403
30 State Income Taxes	
31 Federal Income Taxes	
32 Tax Savings Acquisition	
33 Total Operating Expenses	200,055
34 Utility Operating Income	74,689
35 OTHER INCOME & DEDUCTIONS	
36 Non-Operating Rental Income	
37 Dividend Income-Common	
38 Dividend Income-Preferred	
39 Interest Income	
40 AFUDC Equity	2,881
41	
42 M & J Miscellaneous Income	
43 Gain(Loss)on Disposition	
45 Total Other Income	2,881
46 Miscellaneous Amortization	
47 Tax Savings Acquisition	
48 Misc. Other Deductions	
49 General Taxes	
50 State Income Taxes	
51 Federal Income Taxes	
52 Total Other Deductions	
53 Total Other Income	2,881
54 Income Before Interest C	77,570
55 INTEREST CHARGES	
56 Interest on Long-Term Debt	
57 Amortization and Debt	
58 Interest-Short Term Bank	
59 Other Interest Expense	
60 AFUDC-Debt	-1156
61 Total Interest Charges	-1156
62 Net Income	78,726
64 Preferred Dividend Declare	

**ARIZONA-AMERICAN WATER COMPANY**  
**2003 GENERAL RATE CASE**  
**DOCKET NOS. WS-01303A-02-0867, 0868, 0869, 0870, and 0908**  
**RESPONSE TO DATA REQUEST NO. AII 39-2**

Response provided by: David P. Stephenson

Title: Director of Rates & Planning

Company Name: American Water Works Service Company

Address: 303 H Street, Suite 250  
Chula Vista, CA 91910

Company Response Number: AII 39-2

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Q. Please provide 2003 consolidated half-year income statement only for the ten systems involved in this proceeding.

A. Please see the attached file entitled AII 39-2.

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83500  
GL023USR  
ISGRCONLY

Statement of Income  
Filed Systems Only & Corporate  
For the Period Ending June 27, 2003

Arizona-American Water Co.

Description	Yr to Date June Actual
1 OPERATING REVENUES	
2 Water	12,940,867
3 Sewer	5,885,755
4 Other	2,165,390
5 Management	
6 Total Revenues	20,992,012
7 OPERATIONS & MAINTENANCE EXPENSE	
8 Labor	2,016,654
9 Purchased Water	5,704,150
10 Fuel & Power	1,858,047
11 Chemicals	127,073
12 Waste Disposal	1,730,401
13 Management Fees	2,786,313
14 Group Insurance	375,057
15 Pensions	525,458
16 Regulatory Expense	319,386
17 Insurance Other Than Group	176,763
18 Customer Accounting	365,609
19 Rents	61,584
20 General Office Expense	308,520
21 Miscellaneous	-2,434,811
25 Other Maintenance	273,129
Total Maintenance & Operations Expense	14,194,333
27 Depreciation	5,143,846
28 Amortization	
29 General Taxes	905,832
30 State Income Taxes	-144,904
31 Federal Income Taxes	-1,139,129
32 Tax Savings Acquisition Adjustment	
33 Total Operating Expenses	18,959,978
34 Utility Operating Income	2,032,034
35 OTHER INCOME & DEDUCTIONS	
36 Non-Operating Rental Income	
37 Dividend Income-Common	
38 Dividend Income-Preferred	
39 Interest Income	
40 AFUDC Equity	-8273
41	
42 M & J Miscellaneous Income	-2231
43 Gain(Loss)on Disposition	
45 Total Other Income	-10504
46 Miscellaneous Amortization	
47 Tax Savings Acquisition Adjustment	
48 Misc. Other Deductions	8,000
49 General Taxes	
50 State Income Taxes	-16
51 Federal Income Taxes	439,715
52 Total Other Deductions	8,000
53 Total Other Income	-18,504
54 Income Before Interest Charges	2,013,530
55 INTEREST CHARGES	
56 Interest on Long-Term Debt	4,013,701
57 Amortization and Debt Expense	15,111
58 Interest-Short Term Bank Debt	70,301
59 Other Interest Expense	-38724
60 AFUDC-Debt	4,097
61 Total Interest Charges	4,064,486
62 Net Income	-2,050,956

**ARIZONA-AMERICAN WATER COMPANY  
2003 GENERAL RATE CASE  
DOCKET NOS. WS-01303A-02-0867, 0868, 0869, 0870, and 0908  
RESPONSE TO DATA REQUEST NO. AII 39-3**

Response provided by: David P. Stephenson

Title: Director of Rates & Planning

Company Name: American Water Works Service Company  
Address: 303 H Street, Suite 250  
Chula Vista, CA 91910

Company Response Number: AII 39-3

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- Q. Please provide a list of subsidiaries, affiliates, divisions or operating units to which Citizens allocated its 1999, 2000 and 2001 total overhead expenses.
- A. Please see the attached 1999, 2000 and 2001 YTD Allocations from various units within Citizens that allocated charges to the Public Service Corporations. Shown on the first page of the attachment is the Company Code and name of the Company receiving charges.
-

# CITIZENS

Public Service

## YTD Totals by PSS Company - Charges Allocated from Company 3999 (PSO) 2001

Co. Code	Description	YTD - 01	Dec - 01	Nov - 01	Oct - 01	Sep - 01	Aug - 01	Jul - 01	Jun - 01	May - 01	Apr - 01	Mar - 01	Feb - 01	Jan - 01
2000	Colorado Gas	\$79,575	(\$833)	\$3,742	\$1,814	\$5,040	\$9,210	\$9,718	(\$9,350)	\$8,700	\$13,212	\$13,432	\$12,349	\$14,545
2001	Santa Cruz Gas	\$40,124	(\$381)	\$1,711	\$479	\$2,421	\$4,756	\$5,016	(\$4,781)	\$3,447	\$8,775	\$6,888	\$6,333	\$7,459
2002	Northern AZ Gas	\$379,154	(\$5,834)	\$28,108	\$15,344	(\$121,125)	\$81,432	\$84,803	(\$81,878)	\$44,868	\$87,740	\$88,201	\$82,009	\$98,588
2003	Louisiana Gas Division	\$2,505,382	(\$14,145)	\$83,512	\$108,038	\$0	\$0	\$0	\$352,530	\$1,080,708	\$224,988	\$228,603	\$208,030	\$245,033
2004	LGS Infrastructure	\$18,154	\$0	\$0	\$0	\$0	\$0	\$0	\$5,945	\$3,985	\$1,830	\$1,878	\$2,984	\$2,984
2005	LGS Natural	\$31,280	\$0	\$0	\$0	\$0	\$0	\$0	\$8,929	\$6,210	\$3,203	\$3,283	\$4,433	\$5,221
2009	TGC	\$780,985	(\$8,096)	\$30,354	\$19,335	\$49,839	\$87,854	\$92,840	(\$87,324)	\$85,405	\$124,885	\$126,742	\$116,522	\$137,249
3000	Mohave Electric	\$308,826	(\$3,453)	\$15,503	\$9,873	\$21,154	\$35,189	\$37,102	(\$35,276)	\$25,687	\$50,137	\$50,872	\$46,882	\$55,198
3001	Santa Cruz Electric	\$186,485	(\$1,619)	\$7,271	\$2,274	\$9,881	\$18,834	\$20,711	(\$19,880)	\$14,274	\$28,117	\$28,588	\$28,281	\$30,958
3002	Vermont Electric	\$177,894	(\$1,687)	\$7,488	\$2,825	\$11,751	\$21,104	\$22,181	(\$18,410)	\$18,884	\$28,117	\$28,588	\$28,281	\$30,958
3003	Kauai Electric	\$885,082	(\$5,283)	\$23,634	\$11,144	\$189,447	\$59,151	\$62,354	(\$57,954)	\$44,850	\$83,338	\$84,724	\$77,892	\$91,748
4000	Mohave Water/Waste Wtr	\$118,468	\$383	\$7,398	\$6,298	\$9,192	\$12,009	\$13,390	(\$6,067)	\$20,337	\$13,212	\$13,432	\$12,349	\$14,545
4002	Tubac Valley	\$6,448	\$21	\$437	\$514	\$888	\$814	\$887	(\$302)	\$1,088	\$678	\$689	\$633	\$748
4003	Sun City Water	\$217,080	\$684	\$13,921	\$11,599	\$17,048	\$22,739	\$25,351	(\$10,222)	\$38,483	\$24,052	\$24,453	\$22,481	\$26,480
4004	Sun City Sewer	\$172,910	\$623	\$10,659	\$8,522	\$13,452	\$18,284	\$20,386	(\$8,172)	\$30,889	\$19,310	\$18,631	\$18,048	\$21,259
4005	Sun City West (Wtr/Waste wtr)	\$255,425	\$822	\$16,745	\$14,564	\$20,514	\$26,471	\$29,517	(\$12,033)	\$44,886	\$28,117	\$28,588	\$28,281	\$30,958
4006	Agua Fria Water	\$105,288	\$384	\$7,829	\$7,880	\$9,130	\$10,400	\$11,589	(\$4,887)	\$17,849	\$11,179	\$11,385	\$10,449	\$12,308
4007	Havasu Water	\$11,983	\$32	\$650	\$598	\$1,067	\$1,227	\$1,373	(\$803)	\$2,130	\$1,355	\$1,378	\$1,267	\$1,492
4008	Penn Water	\$88,888	\$278	\$5,855	\$3,070	\$7,321	\$10,881	\$11,915	(\$4,812)	\$18,168	\$11,179	\$11,385	\$10,448	\$12,308
4009	Lake Heritage	\$8,898	\$21	\$437	\$288	\$732	\$995	\$1,104	(\$422)	\$1,822	\$1,018	\$1,033	\$950	\$1,119
4010	Home Water	\$128,201	\$384	\$7,829	\$6,283	\$9,720	\$13,286	\$14,810	(\$6,214)	\$22,487	\$14,228	\$14,465	\$13,299	\$15,664
4011	Blue Mountain	\$89,452	\$267	\$5,437	\$4,219	\$8,768	\$9,454	\$10,541	(\$4,465)	\$18,027	\$10,163	\$10,332	\$9,409	\$11,189
4012	Glen Alsace	\$86,321	\$203	\$4,130	\$3,388	\$5,195	\$6,950	\$7,748	(\$3,258)	\$11,768	\$7,453	\$7,577	\$6,968	\$8,205
4013	California Water	\$516,062	\$1,559	\$31,763	\$24,830	\$39,216	\$54,551	\$60,828	(\$25,248)	\$92,459	\$58,287	\$59,238	\$54,461	\$64,149
4015	CUC Illinois Water	\$858,140	\$1,954	\$39,801	\$30,481	\$47,338	\$70,010	\$78,088	(\$32,942)	\$118,678	\$75,208	\$78,458	\$70,293	\$82,797
4016	Flowing Wells	\$9,377	\$32	\$650	\$545	\$732	\$995	\$1,104	(\$422)	\$1,822	\$1,018	\$1,033	\$950	\$1,119
4017	Ohio Water	\$143,213	\$459	\$9,354	\$8,089	\$11,391	\$14,794	\$16,409	(\$6,989)	\$25,106	\$15,922	\$16,187	\$14,882	\$17,529
4021	Citizens Lake Waia Co. (CWRC)	\$7,789	\$0	\$0	\$1,958	\$5,813	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4023	Anthem Treatment Co.	\$80,805	\$192	\$3,917	\$3,304	\$4,794	\$8,338	\$7,061	(\$2,958)	\$10,701	\$8,775	\$6,888	\$6,333	\$7,459
4024	Anthem Distribution Co.	\$18,983	\$129	\$2,608	\$3,932	\$2,875	\$1,227	\$1,373	(\$604)	\$2,130	\$1,355	\$1,378	\$1,267	\$1,492
Total		\$7,823,355	(\$32,984)	\$354,619	\$310,356	\$380,892	\$579,344	\$627,882	(\$57,873)	\$1,800,905	\$952,806	\$988,472	\$890,378	\$1,048,768

985,518

665,909

# Citizens Communications Billing Model Summary By Company

*Public Services*

## December-00 Totals

Co Code	Company Description	Run Rate-00	YTD Total	Dec-00	Nov-00	Dec. vs Nov.		3rd Qtr	4th Qtr	4th Qtr vs 3rd Qtr	
						\$ Var	% Var			\$ Var	% Var
2000	Colorado Gas - Adml	35,780	429,361	35,951	15,765	20,186	128%	75,369	190,420	115,051	153%
2001	Santa Cruz Gas	23,979	287,748	21,210	23,508	-2,298	-10%	44,423	69,481	25,058	56%
2002	Northern Arizona Ga	440,436	5,285,227	435,004	382,148	52,856	14%	1,112,446	1,832,036	719,590	65%
2003	LGS - Administration	389,961	4,679,537	216,254	340,897	-124,643	-37%	989,723	975,562	-14,161	-1%
2004	LGS Intrastate	6,132	73,580	-4,784	4,276	-9,061	-212%	20,642	-33,753	-54,396	-264%
2005	LGS Natural	9,827	117,919	2,733	5,515	-2,782	-50%	15,086	40,912	25,826	171%
2009	Honolulu Gas	85,617	1,027,399	35,729	75,508	-39,779	-53%	212,992	164,236	-48,756	-23%
3000	Mohave Administrati	147,907	1,774,885	110,964	140,936	-29,972	-21%	374,279	394,200	19,921	5%
3001	Santa Cruz Administ	87,770	1,053,242	52,159	72,158	-19,999	-28%	180,955	317,382	136,426	75%
3002	Vermont Electric	32,823	393,877	18,422	28,790	-10,368	-36%	88,503	11,799	-76,704	-87%
3003	Kauai Electric	49,139	589,664	907	78,581	-77,674	-99%	120,292	114,262	-6,030	-5%
3999	PSO	-49	-588	0	0	0	0%	0	0	0	0%
4000	Mohave Water	90,929	1,091,153	112,078	69,909	42,169	60%	215,889	311,052	95,163	44%
4002	Tubac Valley	12,508	150,091	11,011	9,129	1,882	21%	38,681	24,129	-14,552	-38%
4003	Sun City Water	209,304	2,511,644	204,805	177,253	27,552	16%	516,414	627,348	110,934	21%
4004	Sun City Sewer	90,737	1,088,838	129,365	72,583	56,782	78%	241,871	307,895	66,024	27%
4005	Sun City West Water	242,204	2,906,449	291,592	206,460	85,132	41%	737,154	486,845	-250,309	-34%
4006	Agua Fria	96,187	1,154,240	129,623	90,245	39,378	44%	211,276	407,210	195,934	93%
4007	Havasui Water	8,892	106,706	8,167	5,496	2,671	49%	19,691	22,720	3,029	15%
4008	CU Water of PA	98,565	1,182,780	73,662	78,850	-5,188	-7%	257,819	284,374	26,555	10%
4009	CU Lake Heritage	10,068	120,812	15,170	10,952	4,218	39%	26,668	33,232	6,565	25%
4010	CU Home Water	55,965	671,576	83,284	44,386	38,898	88%	132,053	229,672	97,619	74%
4011	CU Blue Mtn Water	39,335	472,024	58,521	31,275	27,247	87%	104,320	117,120	12,800	12%
4012	Cu Glen Alsace	38,275	459,303	46,603	31,302	15,301	49%	86,147	120,974	34,827	40%
4013	Cal Water	200,462	2,405,549	288,166	142,544	145,621	102%	489,960	648,290	158,330	32%
4015	Illinois Water	228,477	2,741,723	383,565	164,231	219,333	134%	552,882	847,139	294,257	53%
4016	Flowing Wells	3,005	36,065	4,355	2,268	2,088	92%	6,893	14,781	7,888	114%
4017	Ohio Water	29,347	352,181	67,439	20,802	46,637	224%	63,770	121,582	57,812	91%
4018	CCS - Mohave	791	9,496	-479	280	-758	-271%	4,788	2,733	-2,054	-43%
4021	Citizens Water Reso	14,533	174,398	29,506	26,635	2,871	11%	38,386	105,027	66,641	174%
4022	Citizens Public Servi	20,028	240,336	15,933	18,198	-2,265	-12%	74,357	58,985	-15,372	-21%
4023	CWRC - TreatCo	73,777	885,321	164,778	103,074	61,704	60%	135,596	543,925	408,330	301%
4024	CWSC - DistCo	27,124	325,484	23,679	34,808	-11,129	-32%	59,983	141,058	81,075	135%
<b>PSS Totals:</b>		<b>2,899,833</b>	<b>34,797,999</b>	<b>3,065,377</b>	<b>2,508,765</b>	<b>556,612</b>	<b>22%</b>	<b>7,249,307</b>	<b>9,532,628</b>	<b>2,283,321</b>	<b>31%</b>
<b>Co. Other than PSS Totals:</b>		<b>76,092</b>	<b>913,103</b>	<b>12,007</b>	<b>83,092</b>	<b>-71,085</b>	<b>-86%</b>	<b>215,018</b>	<b>230,870</b>	<b>15,852</b>	<b>7%</b>
<b>Billing Model Grand Total:</b>		<b>2,975,925</b>	<b>35,711,102</b>	<b>3,077,384</b>	<b>2,591,857</b>	<b>485,527</b>	<b>19%</b>	<b>7,464,325</b>	<b>9,763,498</b>	<b>2,299,173</b>	<b>31%</b>

Σ = 2,916,121

Citizens Communications Company  
Public Service Sector

~ Total SAO - A & G

December 2001 vs Budget and December 2000

SAO Monthly Expense Comparison

ACTUAL 2001	BUDGET 2001	Variance \$	Variance %	ACTUAL 2000	Variance \$	Variance %
17,089	18,233	(1,144)	-6%	12,583	(4,506)	-36%
7,812	9,646	(1,834)	-19%	6,795	(10,177)	-15%
119,623	130,949	(11,326)	-9%	68,681	50,942	74%
290,023	290,023	0	0%	156,860	133,163	85%
166,007	161,283	4,724	3%	93,019	12,988	14%
600,554	610,134	(9,580)	-2%	337,938	262,616	78%
70,797	75,272	(4,475)	-6%	35,733	13,064	37%
33,201	42,872	(9,671)	-23%	24,596	8,605	35%
34,178	45,084	(10,906)	-24%	30,060	14,118	47%
107,905	122,762	(14,857)	-12%	67,541	40,364	60%
246,081	285,990	(39,909)	-14%	157,930	88,151	56%
144,035	3,600	140,435	3901%	83,723	60,312	72%
52,731	2,046	50,685	2477%	45,948	6,783	15%
71,285	75,123	(3,838)	-5%	44,416	26,869	60%
89,351	154,980	(65,629)	-42%	50,069	29,282	59%
1,465	1,751	(286)	-16%	1,561	(96)	-6%
20,995	3,371	17,624	523%	12,801	18,194	142%
379,862	240,871	138,991	58%	238,518	141,244	59%
1,226,497	1,136,995	89,502	8%	734,386	492,111	67%

SAO Year-to-Date Expense Comparison

ACTUAL 2001	BUDGET 2001	Variance \$	Variance %	ACTUAL 2000	Variance \$	Variance %
154,062	218,807	(64,745)	-30%	149,020	5,042	3%
70,427	115,761	(45,334)	-39%	79,524	(9,097)	-11%
1,078,430	1,571,432	(493,002)	-31%	1,033,979	44,451	4%
2,618,322	1,937,983	680,339	35%	2,678,987	(60,665)	-2%
1,496,595	1,935,440	(438,845)	-23%	1,436,476	60,119	4%
5,417,836	5,779,423	(361,587)	-6%	5,377,986	39,850	1%
638,253	903,297	(265,044)	-29%	592,806	45,447	8%
299,317	514,475	(215,158)	-42%	336,431	(37,114)	-11%
308,124	541,008	(232,884)	-43%	455,712	(147,588)	-32%
972,789	1,473,133	(500,344)	-34%	1,019,686	(46,897)	-5%
2,218,483	3,431,913	(1,213,430)	-35%	2,404,635	(186,152)	-8%
1,298,517	43,200	1,255,317	2906%	1,407,890	(109,373)	-8%
475,389	24,582	450,807	1834%	597,125	(121,736)	-20%
642,656	901,481	(258,825)	-29%	801,973	(159,317)	-20%
805,522	1,859,750	(1,054,228)	-57%	1,101,881	(296,359)	-27%
13,206	21,024	(7,818)	-37%	21,882	(8,676)	-40%
189,276	40,444	148,832	368%	222,867	(33,591)	-15%
3,424,566	2,890,481	534,085	18%	4,153,618	(729,052)	-18%
11,060,885	12,101,817	(1,040,932)	-9%	11,936,239	(875,354)	-7%



## December 2000 vs Budget and December 1999

SAO Monthly Expense Comparison

ACTUAL	BUDGET	Variance	ACTUAL	Variance
2000	2000	%	1999	%
12,583	11,779	7%	(3,258)	-28%
6,795	6,365	7%	(3,516)	-55%
68,681	74,348	-8%	(21,640)	-29%
56,859	237,987	-76%	(78,620)	-33%
93,019	117,312	-21%	(29,921)	-25%
37,937	447,991	-92%	(136,955)	-36%
35,733	48,653	-27%	18,299	38%
14,596	21,191	-31%	3,927	27%
0,060	45,505	-100%	(1,423)	-3%
7,541	81,808	-91%	25,461	31%
7,930	197,157	-96%	46,264	23%
1,722	104,485	-98%	(45,564)	-44%
1,948	42,069	-53%	(27,675)	-66%
1,416	60,429	-77%	(32,643)	-54%
1,069	72,585	-85%	(41,185)	-39%
561	966	-41%	(539)	-5%
801	15,276	-95%	(9,925)	-12%
517	295,810	-82%	(157,531)	-30%
363	940,958	-62%	(248,222)	-26%

SAO Year-to-Date Expense Comparison

ACTUAL	BUDGET	Variance	ACTUAL	Variance
2000	2000	%	1999	%
149,021	141,370	5%	169,406	-12%
79,527	76,424	4%	104,362	-24%
1,033,979	894,554	16%	1,230,553	-16%
2,678,987	2,855,866	-6%	2,826,278	-5%
1,436,476	1,407,711	2%	1,792,005	-20%
5,377,990	5,375,925	0%	6,122,604	-12%
592,808	583,814	2%	820,619	-28%
336,432	254,237	32%	414,760	-19%
455,713	546,060	-17%	998,524	-54%
1,019,687	981,696	4%	1,255,151	-19%
2,404,640	2,365,807	2%	3,489,054	-31%
1,407,890	1,253,809	12%	1,737,725	-19%
597,125	504,806	18%	639,368	-7%
801,974	725,115	10%	933,867	-14%
1,101,882	871,009	26%	1,074,303	3%
21,883	11,669	87%	16,684	31%
222,869	183,301	22%	237,137	-6%
4,153,623	3,549,709	17%	4,639,084	-10%
11,936,253	11,291,441	6%	14,250,742	-16%

Citizens Communications Company  
Public Service Sector  
Total DAO Allocations  
December 2001 vs Budget and December 2000

DAO Monthly Expense Comparison

ACTUAL 2001	BUDGET 2001	Variance \$	Variance %	ACTUAL 2000	Variance \$	Variance %
1,100	2,497	(1,397)	-56%	3,737	(2,637)	-71%
532	1,254	(722)	-58%	1,879	(1,347)	-72%
7,879	17,078	(9,199)	-54%	25,458	(17,579)	-69%
0	0	0	0%	68,676	(68,676)	-100%
10,680	23,806	(13,126)	-55%	35,699	(25,019)	-70%
20,191	44,635	(24,444)	-55%	135,449	(115,258)	-85%
4,621	23,121	(18,500)	-80%	40,924	(36,303)	-89%
2,145	5,012	(2,867)	-57%	7,640	(5,495)	-72%
2,277	5,499	(3,222)	-59%	8,172	(6,895)	-84%
6,931	16,098	(9,167)	-57%	23,971	(17,040)	-71%
15,974	49,730	(33,756)	-68%	80,707	(64,733)	-80%
6,513	25,394	(18,881)	-74%	28,847	(22,341)	-77%
3,476	10,138	(6,662)	-66%	13,221	(9,743)	-74%
4,207	10,263	(6,056)	-59%	14,386	(10,179)	-71%
5,776	15,771	(9,995)	-63%	21,080	(15,804)	-75%
88	242	(154)	-64%	277	(214,189)	-80%
1,359	3,781	(2,422)	-64%	4,489	(3,130)	-70%
21,419	65,589	(44,170)	-67%	82,300	(60,881)	-74%
57,584	159,954	(102,370)	-64%	298,456	(240,872)	-81%

DAO Year-to-Date Expense Comparison

ACTUAL 2001	BUDGET 2001	Variance \$	Variance %	ACTUAL 2000	Variance \$	Variance %
21,436	29,236	(7,800)	-27%	29,739	(8,303)	-28%
10,702	15,012	(4,310)	-29%	15,256	(4,554)	-30%
147,305	204,975	(57,670)	-28%	208,339	(61,034)	-29%
200,459	206,775	(6,316)	-3%	584,609	(384,150)	-66%
204,876	278,879	(74,003)	-27%	283,655	(78,779)	-28%
584,778	734,877	(150,099)	-20%	1,121,598	(536,820)	-48%
85,202	321,969	(236,767)	-74%	340,736	(255,534)	-75%
43,940	55,861	(11,921)	-21%	56,891	(12,951)	-23%
44,967	67,339	(22,372)	-33%	68,400	(23,433)	-34%
134,952	196,331	(61,379)	-31%	199,436	(64,484)	-32%
309,061	641,500	(332,439)	-52%	665,463	(356,402)	-54%
144,104	270,167	(126,063)	-47%	232,730	(88,626)	-38%
69,791	107,783	(37,992)	-35%	97,097	(27,306)	-28%
89,927	112,324	(22,397)	-20%	98,372	(6,445)	-9%
117,881	167,669	(49,788)	-30%	155,047	(37,166)	-24%
1,678	2,569	(891)	-35%	2,206	(928)	-42%
26,127	40,201	(14,074)	-35%	35,184	(9,057)	-26%
449,508	700,713	(251,205)	-36%	620,636	(171,128)	-28%
1,343,347	2,077,090	(733,743)	-35%	2,407,697	(1,064,350)	-44%

Citizens Communications Company  
Public Services Sector

DAO

December 2000 vs Budget and December 1999

DAO Monthly Expense Comparison

FY00	BUDGET 2000	Variance \$	Variance %	ACTUAL 1999	Variance \$	Variance %
300						
737	2,412	1,325	55%	4,636	(899)	19%
879	1,644	235	14%	2,655	(796)	29%
458	17,378	8,080	46%	33,205	(7,747)	23%
676	49,796	18,880	38%	95,152	(10,647)	11%
699	22,769	12,930	57%	44,197	(11,849)	27%
449	93,999	141,450	150%	179,845	(141,396)	78%
924	37,523	3,401	9%	56,122	(15,198)	27%
640	5,650	1,990	35%	9,230	(15,590)	17%
172	6,301	1,871	30%	11,107	(2,935)	26%
971	17,390	6,581	38%	32,280	(18,309)	57%
707	66,864	13,843	21%	108,739	(128,032)	126%
847	21,641	7,206	33%	38,012	(9,165)	24%
221	7,508	5,713	76%	14,578	(15,573)	107%
386	12,036	2,350	20%	23,461	(10,075)	43%
380	11,682	9,398	80%	22,677	(10,597)	47%
277	198	79	40%	324	(11,077)	34%
189	2,803	1,686	60%	5,438	(10,040)	18%
300	55,068	26,432	48%	104,490	(22,190)	21%
56	216,731	101,725	47%	393,074	(91,618)	23%

DAO Year-to-Date Expense Comparison

ACTUAL 2000	BUDGET 2000	Variance \$	Variance %	ACTUAL 1999	Variance \$	Variance %
29,739	30,412	(673)	-2%	55,309	(25,570)	-46%
15,256	20,325	(5,069)	-25%	31,883	(16,627)	-52%
208,339	218,833	(10,494)	-5%	394,735	(186,396)	-47%
584,609	627,012	(42,403)	-7%	1,131,693	(547,084)	-48%
283,654	287,082	(3,428)	-1%	523,098	(239,444)	-46%
1,121,597	1,183,664	(62,067)	-5%	2,136,718	(1,015,171)	-48%
340,737	453,521	(112,784)	-25%	600,333	(259,596)	-43%
56,892	69,864	(12,972)	-19%	110,402	(53,510)	-48%
68,400	78,810	(10,410)	-13%	135,077	(66,677)	-49%
199,437	218,439	(19,002)	-9%	386,811	(187,374)	-48%
665,466	820,634	(155,168)	-19%	1,232,623	(567,157)	-46%
232,730	270,945	(38,215)	-14%	464,425	(231,695)	-50%
97,095	94,693	2,402	3%	172,541	(75,446)	-44%
98,372	150,793	(52,421)	-35%	243,912	(145,540)	-60%
155,048	147,299	7,749	5%	268,396	(113,348)	-42%
2,206	2,529	(323)	-13%	4,485	(2,279)	-51%
35,184	35,322	(138)	-0%	64,359	(29,175)	-45%
620,635	701,581	(80,946)	-12%	1,218,118	(597,483)	-49%
2,407,698	2,705,879	(298,181)	-11%	4,587,459	(2,199,761)	-48%

**ARIZONA-AMERICAN WATER COMPANY  
2003 GENERAL RATE CASE  
DOCKET NOS. WS-01303A-02-0867, 0868, 0869, 0870, and 0908  
RESPONSE TO DATA REQUEST NO. AII 39-4**

Response provided by: David P. Stephenson

Title: Director of Rates & Planning

Company Name: American Water Works Service Company  
Address: 303 H Street, Suite 250  
Chula Vista, CA 91910

Company Response Number: AII 39-4

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- Q. Please provide a list of subsidiaries, affiliates, divisions or operating units to which American Water Works or any of its affiliates (including the Service Company) allocated its total overhead expenses or service company charges in 2002.
- A. Please see the attached file entitled AII 39-4.
-

American Water Capital Corp allocates expenses and overhead to the entities listed below numbered 1 to 22.

American Water Works Service Company, Inc. allocates expenses and overhead to the entities listed below numbered 3 to 22.

COMPANY

- 1 American Water Works Company, Inc. (Parent)
- 2 American Water Works Service Company, Inc.
- 3 Arizona-American Water Company
- 4 Bluefield Valley Water Works Company
- 5 California-American Water Company
- 6 Hawaii-American Water Company
- 7 Illinois-American Water Company
- 8 Indiana-American Water Company, Inc.
- 9 Iowa-American Water Company
- 10 Kentucky-American Water Company
- 11 Long Island Water Corporation
- 12 Maryland-American Water Company
- 13 Michigan-American Water Company
- 14 Missouri-American Water Company
- 15 New Jersey-American Water Company, Inc.
- 16 New Mexico-American Water Company, Inc.
- 17 Ohio-American Water Company
- 18 Pennsylvania-American Water Company, Inc.
- 19 Tennessee-American Water Company
- 20 United Water Virginia, Inc.
- 21 Virginia-American Water Company
- 22 West Virginia-American Water Company

**ARIZONA-AMERICAN WATER COMPANY**  
**2003 GENERAL RATE CASE**  
**DOCKET NOS. WS-01303A-02-0867, 0868, 0869, 0870, and 0908**  
**RESPONSE TO DATA REQUEST NO. AII 39-5**

Response provided by: David P. Stephenson

Title: Director of Rates & Planning

Company Name: American Water Works Service Company

Address: 303 H Street, Suite 250  
Chula Vista, CA 91910

Company Response Number: AII 39-5

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- Q. Provide an itemized list of all expense reductions implemented in 1999, 2000, and 2001 with regard to corporate overheads and service company charges. Provide a brief narrative description of each reduction and the amount of each reduction.
- A. Qualification of response that follows: Arizona-American is not privy to the books and records of Citizens. Nor is Arizona-American privy to the rationale for the reductions that Citizens instituted during the pendency of the sale of their water and wastewater assets to the Company. However, I can provide the following response based on records that we do have in our possession and some understanding of the operations of Citizens before the finalization of the sale.

Attached hereto and attached to the response to DR AII 39-3 are copies of various overhead cost allocations of Citizens in the years requested. Also attached is a summary of the allocated charges to Arizona (not including labor or local overheads) from Citizens in 1999, 2000 and 2001. The summary provides a very telling story in that all of the 2001 costs from the three main centers (Louisiana Public Services, Stamford Office and Dallas Administrative Office) were reduced. There was an extremely significant reduction in the allocated costs from the Louisiana Public Service office in 2001. The Louisiana Public Service Office provided most of the accounting and billing services. This operation was being dismantled in 2001 since Citizens was selling all of its public utility service assets. There would be no use for the office after 2001. In fact, it is evident that the costs and services were being reduced by viewing the YTD Totals by PSS Company – Charges Allocated from Company 3999 (PSO) 2001 schedule attached to DR AII 39-3. The monthly charges shown on this sheet show that the costs started high in January 2001 (\$1,048,758) and were reduced to -\$32,984 by December. It is obvious that this center was closing operations. All accounting and billing services were reduced to only computer operations with no internal support by the end of 2001. Other reductions were also evident in the other offices, but not to the same extent.

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**ARIZONA AMERICAN WATER COMPANY**  
**ARIZONA DIVISION**  
**ALLOCATION OF CORPORATE AND SERVICE COMPANY CHARGES**  
**1999 THROUGH 2001**

	<u>1999</u>	<u>2000</u>	<u>2001</u>
LA PUBLIC SERVICES	7,785,522	9,009,121	885,568
STAMFORD CORP.	1,737,725	1,407,890	1,298,517
DALLAS ADMIN OFFICE	464,425	232,730	144,104
Total	9,987,672	10,649,741	2,328,189

1999

# Citizens Utilities

## Billing Model Allocations - PSO Only By Company By Functional Group

Company: 4000 Mohave Water

Cost Center	Description	Dec 99	Nov TU	Nov 99	Oct 99	Sept 99	Aug 99	July 99	June 99	May
Accounting		9,156	305	8,203	5,940	3,819	6,768	8,725	5,069	3,
Corporate Admin		2	0	0	6	0	42	77	108	
EH&S Security		1,222	-1,466	-444	745	2,820	951	1,625	1,484	1,
Human Resources		9,047	3,107	5,546	16,642	2,323	8,805	5,626	8,749	6,
Information Systems		9,138	-6,978	5,841	9,871	10,704	18,913	64,607	23,684	7,
Legal & Regulatory		3,911	1,941	356	840	458	877	1,262	900	
Marketing		158	199	154	102	26	147	170	552	
Other Sector groups		2,155	1,135	2,006	1,644	2,155	2,336	2,528	1,504	2,
Property Admin		80,577	2,588	75,311	75,551	56,733	68,119	81,222	56,107	51,
Purchasing		697	-375	2,968	1,961	1,922	2,307	1,850	2,094	1,
Totals Company: Mohave Water		116,062	456	99,941	113,302	80,961	109,264	167,691	100,251	75,

L = 662,928



# Citizens Utilities

## Billing Model Allocations - PSO Only By Company By Functional Group

Company: 4002

Tubac Valley

Cost Center	Description	Dec 99	Nov TU	Nov 99	Oct 99	Sept 99	Aug 99	July 99	June 99	Ma
Accounting		1,300	-1,279	936	648	2,660	494	715	725	
Corporate Admin		0	0	0	0	0	3	6	9	
EH&S Security		105	-289	-34	102	229	153	130	118	
Human Resources		558	68	247	496	182	348	307	345	
Information Systems		1,053	-24	659	769	537	1,358	1,407	2,015	
Legal & Regulatory		610	-148	235	225	72	105	164	130	
Marketing		13	16	9	8	2	12	14	-1	
Other Sector groups		167	35	202	137	134	157	206	130	
Property Admin		15,511	-1,422	11,862	12,044	8,856	11,557	12,529	12,799	6
Purchasing		57	-30	238	159	156	188	150	170	
Totals Company: Tubac Valley		19,374	-3,073	14,353	14,589	12,829	14,376	15,629	16,441	8

Σ = 112,518

# Citizens Utilities

## Billing Model Allocations - PSO Only By Company By Functional Group

Company: 4003 Sun City Water

Cost Center	Description	Dec 99	Nov TU	Nov 99	Oct 99	Sept 99	Aug 99	July 99	June 99	May
Accounting		20,863	-4,006	18,154	19,740	16,558	15,202	22,510	18,320	11,
Corporate Admin		3	0	0	11	0	80	145	203	
EH&S Security		9,144	-258	2,867	5,216	7,352	3,338	5,654	2,731	5,
Human Resources		12,927	1,579	5,790	11,456	5,032	8,907	7,900	8,704	6,
Information Systems		24,328	-570	15,394	18,308	20,006	35,052	32,592	51,095	17,
Legal & Regulatory		14,056	-11,130	5,388	5,228	1,661	2,426	3,787	2,992	11,
Marketing		297	373	297	192	49	276	1,439	-25	1,
Other Sector groups		861	-7,107	17,286	9,317	6,923	3,637	4,752	3,009	9,
Property Admin		207,115	54,815	222	275,757	2,112	262,234	157,645	229,237	165,
Purchasing		1,308	-704	5,578	3,683	3,610	4,332	3,474	3,932	2,
Totals Company: Sun City Water		290,903	32,994	70,976	348,906	63,303	335,484	239,897	320,196	230,

Σ = 1,932,659

# Citizens Utilities

## Billing Model Allocations - PSO Only By Company By Functional Group

Company: 4004

Sun City Sewer

Cost Center	Description	Dec 99	Nov TU	Nov 99	Oct 99	Sept 99	Aug 99	July 99	June 99	May
Accounting		16,586	794	14,969	11,100	11,112	9,565	14,672	11,109	9,6
Corporate Admin		3	0	0	9	0	67	122	171	
EH&S Security		2,041	-5,628	-706	1,180	4,471	1,508	2,540	2,305	4,0
Human Resources		9,840	-2,143	4,215	8,787	3,554	6,788	5,984	6,731	5,2
Information Systems		20,536	-481	12,995	15,455	10,471	25,735	26,938	39,975	13,7
Legal & Regulatory		11,848	-5,505	4,548	7,425	1,402	2,048	3,197	2,525	2,7
Marketing		251	315	250	162	42	233	269	-21	1,3
Other Sector groups		3,264	676	3,835	2,679	2,617	3,070	4,011	2,540	3,3
Property Admin		144,948	-8,547	199,285	57,055	145,431	202,531	137,011	218,554	40,9
Purchasing		1,104	-594	4,707	3,109	3,047	3,657	2,932	3,319	1,7
Totals Company: Sun City Sewer		210,421	-21,112	244,100	106,961	182,146	255,203	197,677	287,209	82,8

$\Sigma = 1,545,405$

# Citizens Utilities

## Billing Model Allocations - PSO Only By Company By Functional Group

Company: 4005

Sun City West Water

Cost Center	Description	Dec 99	Nov TU	Nov 99	Oct 99	Sept 99	Aug 99	July 99	June 99	Ma
Accounting		26,026	756	23,304	17,395	17,438	14,961	22,052	17,670	15,
Corporate Admin		4	0	0	14	0	105	191	268	
EH&S Security		3,193	-8,802	-1,103	1,846	6,993	2,359	3,973	3,606	6,
Human Resources		16,174	-749	7,095	14,405	5,558	10,618	10,109	10,528	8,
Information Systems		32,121	-752	20,326	24,172	16,378	40,253	42,134	62,525	21,
Legal & Regulatory		18,588	-4,106	7,113	6,853	2,193	3,203	5,000	3,950	4,
Marketing		392	493	388	253	65	364	422	-33	2,
Other Sector groups		5,106	1,057	6,002	4,190	4,094	4,802	6,274	3,972	5,
Property Admin		221,247	-24,638	92,794	223,694	74,243	267,369	178,267	189,018	333,
Purchasing		1,727	-929	7,360	4,863	4,766	5,720	4,587	5,192	2,
Totals Company: Sun City West Water		324,577	-37,671	163,280	297,685	131,728	349,753	273,008	296,696	399,

$\Sigma = 2,198,056$

# Citizens Utilities

## Billing Model Allocations - PSO Only By Company By Functional Group

Company: 4006

Agua Fria

Cost Center	Description	Dec 99	Nov TU	Nov 99	Oct 99	Sept 99	Aug 99	July 99	June 99	May
Accounting		13,501	-1,795	12,030	8,994	9,615	8,390	11,906	8,615	7,
Corporate Admin		2	0	0	7	0	49	90	126	
EH&S Security		1,497	-4,127	-517	866	3,278	1,106	1,863	1,691	2,
Human Resources		7,983	978	3,584	7,092	2,606	4,978	4,438	4,936	3,
Information Systems		15,060	-353	9,530	11,333	7,679	18,873	19,755	29,315	10,
Legal & Regulatory		10,486	-1,892	3,335	3,213	1,028	1,502	2,344	1,852	2,
Marketing		184	231	181	119	31	171	198	-16	1,
Other Sector groups		2,394	495	2,814	1,965	1,919	2,251	2,942	1,862	2,
Property Admin		109,707	-13,862	87,564	85,836	26,379	112,136	105,735	187,046	41,
Purchasing		810	-436	3,451	2,280	2,235	2,682	2,150	2,434	1,
Totals Company: Agua Fria		161,622	-20,760	121,973	121,703	54,770	152,139	151,420	237,861	72,

$\Sigma = 1,052,728$

# Citizens Utilities

## Billing Model Allocations - PSO Only By Company By Functional Group

Company: 4007

Havasu Water

Cost Center	Description	Dec 99	Nov TU	Nov 99	Oct 99	Sept 99	Aug 99	July 99	June 99	Ma
Accounting		2,330	1,341	2,058	1,383	404	1,251	739	532	
Corporate Admin		0	0	0	1	0	4	8	11	
EH&S Security		123	-83	-46	79	298	101	169	154	
Human Resources		915	-85	543	1,584	218	770	585	723	
Information Systems		940	-1,131	625	1,043	1,021	1,953	7,303	2,503	
Legal & Regulatory		340	471	51	89	48	93	133	95	
Marketing		17	21	14	11	3	16	18	-1	
Other Sector groups		228	120	216	174	228	247	267	159	
Property Admin		6,589	-1,450	6,006	7,198	4,507	5,403	7,945	4,192	3
Purchasing		74	-40	310	207	203	244	195	221	
Totals Company: Havasu Water		11,556	-835	9,778	11,768	6,929	10,080	17,363	8,589	6

$\Sigma = 81,228$

**ARIZONA-AMERICAN WATER COMPANY**  
**2003 GENERAL RATE CASE**  
**DOCKET NOS. WS-01303A-02-0867, 0868, 0869, 0870, and 0908**  
**RESPONSE TO DATA REQUEST NO. AII 39-6**

Response provided by: David P. Stephenson

Title: Director of Rates & Planning

Company Name: American Water Works Service Company  
Address: 303 H Street, Suite 250  
Chula Vista, CA 91910

Company Response Number: AII 39-6

---

Q. Identify and describe each service or function provided through corporate overheads or service company charges in 2002 that were not performed in 2001. For each such service or function, explain why the expense should be borne by ratepayers.

A. First – it has to be noted that Citizens and AWW may not operate in exactly the same manner, and as such the services provided through the overhead allocations may not be the same. For example, individuals such as Ray Jones were considered part of the overhead allocations by Citizens, whereas AWW considers this individual to be an employee of AZ-AM.

Second, we do not know exactly what services were and were not provided by Citizens in 2001. It is obvious from the testimony of Mr. Jones that Citizens had dramatically cut their financial services in 2001 – especially for such items as accounting and budgeting. As Mr. Jones testified, it may be workable to not have such services for a very short period of time, but these are services that have to be maintained for any viable continuing operation. As is exemplified in the response to AII 39-5 and the attachments thereto, the total costs of the billing and accounting departments from Citizens were reduced to nothing by the end of 2001. Any viable company has to be provided such services to sustain operation. All such services are borne by ratepayers in any regulated operation.

Lastly, and again to the most important point – the Citizens overheads and Service Company charges in 2001 are totally irrelevant to this subject application – Citizens does not any longer own and operate these districts. The only charges that are relevant and known are those of AWW – as we have provided in these applications.

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**ARIZONA-AMERICAN WATER COMPANY  
2003 GENERAL RATE CASE  
DOCKET NOS. WS-01303A-02-0867, 0868, 0869, 0870, and 0908  
RESPONSE TO DATA REQUEST NO. AII 39-7**

Response provided by: Ray Jones

Title: President

Company Name: Arizona-American Water Company  
Address: 101 Corporate Center, Ste 201  
19820 North 7th Street  
Phoenix, AZ 85024

Company Response Number: AII 39-7

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- Q. Are the sale-related "management, legal, regulatory and accounting" activities reflected in the test year corporate overheads? See Jones Rejoinder page 6, lines 19-22.
- A. The sale-related costs for management, legal, regulatory and accounting resources that absent the sale would have been charged to corporate overheads are included in the unadjusted test-year corporate overheads.
-



**ARIZONA-AMERICAN WATER COMPANY**  
**2003 GENERAL RATE CASE**  
**DOCKET NOS. WS-01303A-02-0867, 0868, 0869, 0870, and 0908**  
**RESPONSE TO DATA REQUEST NO. AII 39-8**

Response provided by: David P. Stephenson

Title: Director of Rates & Planning

Company Name: American Water Works Service Company

Address: 303 H Street, Suite 250  
Chula Vista, CA 91910

Company Response Number: AII 39-8

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Q. Do any of the 2002 corporate overheads or service company charges include costs relating to the then-pending acquisition of American Water Work's stock be a subsidiary of RWE?

A. No.

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**ARIZONA-AMERICAN WATER COMPANY  
2003 GENERAL RATE CASE  
DOCKET NOS. WS-01303A-02-0867, 0868, 0869, 0870, and 0908  
RESPONSE TO DATA REQUEST NO. AII 39-9**

Response provided by: David Stephenson  
Title: Director of Rates and Planning  
Company Name: Arizona-American Water Company  
Address: 101 Corporate Center, Ste 201  
19820 North 7th Street  
Phoenix, AZ 85024

Company Response Number: AII 39-9

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Q. Please clarify or explain Mr. Stephenson's testimony on Page 17, lines 1-8.

A. Staff seeks clarification of my Rejoinder Testimony at page 17, lines 1-8. This testimony was offered in direct response to Mr. Igwe's Surrebuttal Testimony at page 6, lines 8-9, wherein Mr. Igwe inaccurately testifies that the Company's proposed pro forma adjustment to Citizens' recorded test year overhead expenses increased Arizona-American's operating expenses by more than \$4 million.

Mr. Igwe's testimony is extremely misleading in the fact that it only considers items characterized in the schedules as overheads, and in the fact that he has referred back to the Company's original position, not its rebuttal position. To provide an accurate picture of the difference in Citizen's total overhead costs and those of AWW you have to not only include those items characterized as overheads, but also labor costs, since Citizens charged a large portion of corporate labor to company labor expense. All of AWW's corporate labor is included in corporate overheads. Additionally, the Company has reduced their original request by over \$1.3 million to reflect actual costs incurred in 2002, not estimated costs provided in its original filing.

As a result, because the Company's pro forma adjustment (including Service Company costs, corporate overheads and labor) replaces Citizens' costs (including corporate costs and labor) with actual costs incurred in 2002, the Company's proposed adjustment has the effect of increasing the Company's operating expenses by just over \$1.9 million, as reflected in Stephenson Rejoinder Exhibit 2. In short, the Company found it necessary to point out that Staff had failed to present an adequate and complete picture concerning the Company's proposed pro forma adjustment to remove Citizens' test year total overhead costs (including labor). This replacement is necessary since these Citizens' overhead costs (including labor) bear no

relationship whatsoever to the costs that will be incurred by Arizona-American during the time the rates approved in this proceeding will be in effect.

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1487468.1/73244.034

**ATTACHMENT**

**b**

Consulting Services	914,662.59
Miscellaneous	79,241.96
Notices	<u>52,010.04</u>
Thru 12/11/03	<u><u>1,045,914.59</u></u>

**CONSULTING SERVICES ARIZONA RATE CASE**

DATE	VOUCHER #	VENDOR	AMOUNT
03/26/02	09/30/03 JE 2323	Fennemore Craig	1,682.00
05/21/02	40149199	Fennemore Craig	5,457.92
05/31/02	40160558	Fennemore Craig	7,910.03
07/30/02	40209526	Fennemore Craig	800.51
07/31/02	40211757	Fennemore Craig	437.00
09/13/02	40248997	Fennemore Craig	1,572.29
10/16/02	40279016	Fennemore Craig	2,459.46
11/13/02	40301783	Fennemore Craig	22,742.75
11/25/02	40313470	Fennemore Craig	56,103.36
12/23/02	40336139	Fennemore Craig	43,236.55
02/12/03	40374864	Fennemore Craig	21,016.07
03/13/03	40399348	Fennemore Craig	32,223.66
04/08/03	40420727	Fennemore Craig	17,008.47
05/05/03	40442404	Fennemore Craig	11,048.07
06/17/03	40479346	Fennemore Craig	23,517.49
06/17/03	40479396	Fennemore Craig	9,648.98
07/24/03	40510208	Fennemore Craig	21,757.02
09/11/03	40549802	Fennemore Craig	2,372.35
09/29/03	40564343	Fennemore Craig	3,450.94
11/17/03	40605374	Fennemore Craig	22,100.89
12/01/03	40618064	Fennemore Craig	36,593.19

Total Fennemore Craig 343,139.00

12/26/01	5730	R. Kozoman	3,180.80
01/08/02	5798	R. Kozoman	9,543.80
02/28/02	40069370	R. Kozoman	7,635.17
03/26/02	40092671	R. Kozoman	8,104.17
05/01/20	40140926	R. Kozoman	5,768.43
06/07/20	40164646	R. Kozoman	8,075.20
07/18/02	40199386	R. Kozoman	19,898.00
08/20/02	40227155	R. Kozoman	29,541.26
10/03/02	40267724	R. Kozoman	81,365.90
10/16/02	40278590	R. Kozoman	60,405.11
12/11/02	40326173	R. Kozoman	23,952.60
01/09/03	40348997	R. Kozoman	25,953.20
02/14/03	40377568	R. Kozoman	8,915.20
02/20/03	40298595	R. Kozoman	51,073.60
04/10/03	40422390	R. Kozoman	22,700.80
05/05/03	40442058	R. Kozoman	10,425.60
06/17/03	40479334	R. Kozoman	12,627.20
07/24/03	40510399	R. Kozoman	19,424.00
08/13/03	40526961	R. Kozoman	6,384.00
08/13/03	40526963	R. Kozoman	4,126.40

09/17/03	40554884	R. Kozoman	1,419.20
10/22/03	40585624	R. Kozoman	45,577.60
11/11/03	40601289	R. Kozoman	18,531.20

Total R. Kozoman	<u>484,628.44</u>
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11/20/01	5523	Uri Utility Resources	1,462.50
12/14/01	5691	Uri Utility Resources	682.50
02/26/02	40064468	Uri Utility Resources	390.00
03/26/02	40092652	Uri Utility Resources	5,419.00
04/22/02	40120996	Uri Utility Resources	10,100.00
05/16/02	40145751	Uri Utility Resources	14,100.00
06/13/02	40169817	Uri Utility Resources	400.00
10/21/02	40282639	Uri Utility Resources	3,327.89
10/29/02	40288762	Uri Utility Resources	4,400.00
10/29/02	40288767	Uri Utility Resources	4,300.00
11/19/02	40307524	Uri Utility Resources	100.00
11/19/02	40307528	Uri Utility Resources	600.00
12/23/02	40335922	Uri Utility Resources	1,500.00
02/14/03	40377571	Uri Utility Resources	2,700.00
04/22/03	40432365	Uri Utility Resources	1,746.95
06/17/03	40479337	Uri Utility Resources	900.00
07/18/03	40504392	Uri Utility Resources	200.00
08/15/03	40528460	Uri Utility Resources	940.43
10/21/03	40583572	Uri Utility Resources	17,300.00
11/19/03	40609409	Uri Utility Resources	4,625.88
12/11/03	40629452	Uri Utility Resources	11,700.00

<u>86,895.15</u>
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# MISCELLANEOUS EXPENSES ARIZONA RATE CASE

DATE	VOUCHER #	VENDOR	DESCRIPTION	AMOUNT
10/31/01	09/30/03 JE 2323	AZ Rate Case Filing		457.52
09/30/02	40149199	Service Company		868.57
12/31/02	40160558	Service Company		53.00
02/20/03	40209526	Kinkos	Mounting Exhibits	89.07
03/06/03	40211757	Kinkos	Copy DR for RUCO	159.04
03/20/03	40248997	Moody's quick	Courier Exhibits	17.04
03/20/03	40279016	Moody's quick	Courier Exhibits	17.04
03/27/03	40301783	City of Bullhead	Reserve for Open House	100.00
03/27/03	40313470	various	Meals - employee expense	56.16
03/28/03	40336139	Safeway	Open House Refreshments	29.98
03/27/03	40374864	Wyndham Gardens	Lodging - employee expense	434.95
03/28/03	40399348	Service Company		432.07
04/24/03	JE23104	PCard misc.		41.79
04/25/03	40420727	Service Company		120.07
03/27/03	40442404	Ramada Express	Lodging - employee expense	26.16
05/15/03	PS40452072	Petty cash	misc expense	13.42
05/21/03	40457532	Greenstripe media	Public notices	6,612.00
05/23/03	JE30094566	Service Company		1,722.77
05/30/03	PS40463968	Corporate Workflow Solutions I	Retainer AZ Rate Case	9,000.00
06/10/03	PS40473101	Corporate Workflow Solutions I	AZ Rate Case Svs	7,846.80
06/19/03	CC12064	Kinkos		916.93
06/19/03	40481065	Dan Siwulec Communications	Public Hearing notices mailer	39,473.48
06/27/03	JE30099761	Service Company		171.59
07/03/03	PS40492955	Corporate Workflow Solutions I	AZ Rate Case Svs INV 1780	3,750.00
09/26/03	JE30111376	Service Company		626.23
10/17/03	40581428	Greenstripe media	legal notice	983.00
11/17/03	40605455	Gannett Fleming Inc	Rebuttal testimony	2,250.00
11/21/03	JE30121632	Service Company		973.28
12/11/03	40629427	Gannett Fleming Inc	Rebuttal testimony	2,000.00
				<u>79,241.96</u>



MISCELLANEOUS EXPENSES ARIZONA RATE CASE

DATE	VOUCHER #	VENDOR	DESCRIPTION	AMOUNT
		Woodenship	Public Notice	7,212.00
		Woodenship	Mailing	28,782.84
		Woodenship	Mailing	14,155.37
05/21/03	40457812	Woodenship	Public Notice Advertising	600.00
07/18/03	40504408	Woodenship	Mailing Coordination	1,259.83
				<u>52,010.04</u>

# **ATTACHMENT**

## **C**

## **ARIZONA-AMERICAN WATER COMPANY**

### **CHRONOLOGIES OF KEY EVENTS**

#### **PRIOR CITIZENS DECISIONS**

Sun City Water and Wastewater, Sun City West Water and Wastewater, Agua Fria Water and Tubac Water

Test Year: **April 1, 1994 – March 31, 1995**

Decision: Decision No. 60172 (**May 7, 1997**)

Mohave Water

Test Year: **April 1, 1987 – March 31, 1988**

Decision: Decision No. 56806 (**Feb. 1, 1990**)

Havasu Water

Test Year: **January 1, 1990 – December 31, 1990**

Decision: Decision No. 57743 (**Feb. 21, 1992**)

Anthem Water and Anthem/Agua Fria Wastewater

No previous rate cases.

CC&N: Decision No. 60975 (**June 19, 1998**)

Initial rates were agreed to by Citizens, Staff and RUCO.

Citizens was ordered to file a rate application utilizing a Test Year of 2003, or within six months of the time when 3,500 ERUs are being served. (That level of ERUs was reached in early 2002. See Schedule H-2 for Anthem Water (Ex. A-12), showing number of customers at December 31, 2001.)

#### **CITIZENS ACQUISITION**

**October 15, 1999** – Citizens Communications, Arizona-American and American Water Works entered into asset purchase agreement.

**March 24, 2000** – Citizens Communications and Arizona-American filed a joint application for approval of the transfer of assets and Citizens' CC&Ns.

**September 27, 2000** – hearing on application.

**November 15, 2000** – Arizona-American Water filed an application for authority to issue debt in an aggregate principal amount not to exceed \$180 million in connection with purchasing Citizens' assets. (No hearing.)

**April 24, 2001** – Decision No. 63584 docketed, approving transfer.

**August 30, 2001** – Decision No. 64002 docketed, authorizing Arizona-American Water to borrow up to \$180 million and to assume certain IDRBs.

**January 15, 2002** – Citizens' acquisition closed.

### **AMERICAN WATER WORKS/RWE TRANSACTION**

**September 16, 2001** – American Water Works ("AWW"), RWE and Thames Water enter into Agreement and Plan of Merger.

**December 17, 2001** – Arizona-American filed its application for a waiver of the Affiliated Interests Rules or, in the alternative, for an order declaring the AWW/RWE transaction is not subject to the Rules.

**July, 2002** – meeting between Staff and Arizona-American; partial settlement reached on certain conditions recommended by Staff.

**August 8, 2002** – hearing on Arizona-American's application.

**December 12, 2002** – Decision No. 65453 docketed, approving AWW/RWE transaction subject to 15 conditions, including a condition prohibiting Arizona-American from filing any non-emergency rate increase requests for three years from the closing date of the transaction.

**January 10, 2003** – the transaction between AWW and RWE/Thames Water closed, and the outstanding shares of AWW's common stock were acquired.

### **PENDING RATE APPLICATIONS**

**November 22, 2002** – rate applications were filed by Arizona-American for nine water and wastewater systems acquired from Citizens.

**December 13, 2002** – rate application for the Tubac Water District filed.

# **ATTACHMENT**

## **d**

**Arizona-American**  
**Year-End Customer Counts**  
**and Maximum Impacts of Service Company Charges and Other Overheads on Expenses\***

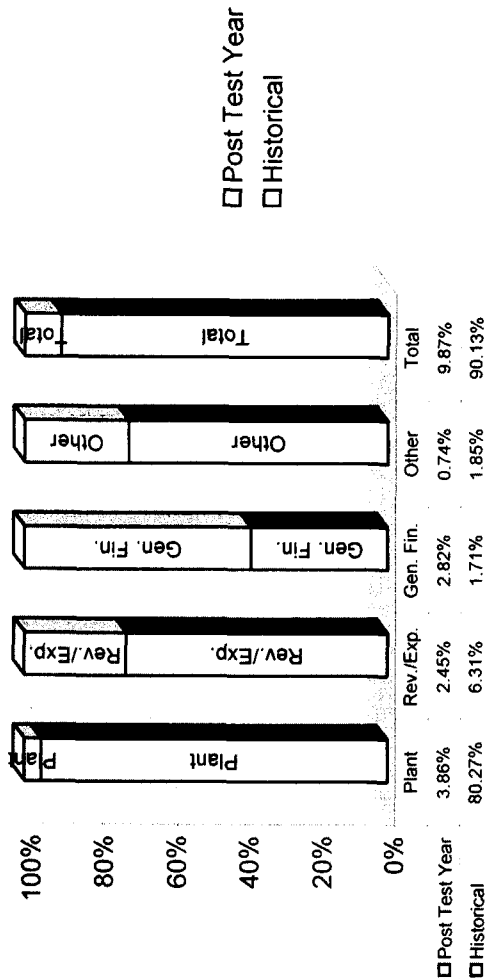
Line No.	District	2001	2002	Growth	1/2 Convention	Max. 2002 Impact to Other OH	Max. 2002 Impact to S.C. Charges	Max. Total Impact
1								
2	Sun City Water	22,195	21,961	(234)	(117)	\$ (2,165)	\$ (4,896)	\$ (7,061)
3	Sun City Wastewater	21,144	21,157	13	7	120	272	392
4	Sun City West Water	15,581	15,342	(239)	(120)	(2,212)	(5,001)	(7,212)
5	Sun City West WasteWater	14,889	14,931	42	21	389	879	1,267
6	Agua Fria	13,004	13,764	760	380	7,033	15,901	22,934
7	Anthem Water	3,269	4,002	733	367	6,783	15,336	22,120
8								
9	Agua Fria/Anthem WW	2,544	3,609	1,065	533	9,855	22,283	32,138
10								
11	Tubac Valley	494	485	(9)	(5)	(83)	(188)	(272)
12	Mohave Sewer	579	570	(9)	(5)	(83)	(188)	(272)
13	Mohave Water	13,796	13,637	(159)	(80)	(1,471)	(3,327)	(4,798)
14	Havasu Water	1,189	1,248	59	30	546	1,234	1,780
15	Paradise Valley	4,677	4,684	7	4	65	146	211
16	Totals	113,361	115,390	2,029	1,015	\$ 18,776	\$ 42,453	\$ 61,229
17	Customer Growth			2,029	1,015			
18	Percent of Total Costs			1.79%				0.89%
19								
20	AZ-AM 2002 Additional Other Overheads		\$ 2,098,083					
21	Number of Customers		113,361					
22	Annual Cost per Customer Other O.H.		\$ 18.51					
23								
24	AZ-AM 2002 Service Company Charges		\$ 4,743,675					
25	Number of Customers		113,361					
26	Annual Cost per Customer Service Company Charges		\$ 41.85					
27								

\* For simplicity, it is assumed the relationship of other overheads and service company charges to customer counts are linear. However, most components of these expenses do not have a linear relationship. For example, with respect to other overheads, postage and customer notifications are linear while workers compensation, 401k costs, and insurance do not. With respect to service company charges, customer service salaries and wages, rents, utilities (components of service company charges) do not have a linear relationship. Economies of scale are at work here. That is, there is enough 'capacity' to service an additional 2,029 customers without adding additional overheads.

# **ATTACHMENT**

## **e**

# Data Requests Historical vs. Post Test Year Information



\*Includes data request subparts.



**Summary of Data Requests**  
Includes subparts to requests

Party Staff	Request No.	Historical		Post Test Year		Revenue and Expense Related		General Financial and Accounting		Historical		Post Test Year		Total Number of Questions
		Plant Related	Plant Related	Plant Related	Plant Related	Revenue and Expense Related	Revenue and Expense Related	General Financial and Accounting	General Financial and Accounting	Other	Other			
	1													4
	2	10						3		1				10
	3	7			2			1		1				11
	4	20			42					6				68
	5	1			1			1		3				3
	6				4			1		5				12
	7	25					2							25
	8						1			9				12
	9	226								2				226
	10	8												8
	11	39					1							40
	12		4											4
	13	82	1					1		1				85
	14	8	2				1				1			11
	15	228												228
	16	25												25
	17		8											8
	18		3											3
	19	25												25
	20	8												8
	21	19			6		4							29
	22	3	4											7
	23	9	3											12
	24	24	7		1									9
	25	5												5
	26	14								1				15
	27	2												2
	28	9												2
	29	220												220
	30	7												7
	31	73												73
	32													7
	33													7
	34				2		2			1				4
	35													1
	36													1
	37	1								1				15
	38							4						2
	39				2		4	1		2			2	9
	40													0
Subtotal		1074	32	60	16	12	24	17	24	17	9			1244
Percent		86.33%	2.57%	4.82%	1.29%	0.96%	1.93%	1.37%	1.93%	1.37%	0.72%			100.00%

RUCO	1	3	8	21	3	10	1	6	52
	2	4	3		5		4	1	17
	3		5	2	2	1			10
	4	1	4	2	7			1	16
	5						9		9
			20	25	17	11	14	8	104
Subtotal		8	19.23%	24.04%	16.35%	10.58%	13.46%	7.69%	100.00%
Percent		7.69%						0.96%	

	Hist. Plant	PTY Plant	Hist. Rev/Exp	PTY Rev/Exp	Hist. Gen. Financial	PTY Gen. Financial	Hist. Other	PTY Other	Total
Total	1082	52	85	33	23	38	25	10	1348
Percent	80.27%	3.86%	6.31%	2.45%	1.71%	2.82%	1.85%	0.74%	100.00%

Chart Table  
Historical  
Post Test Year

	Historical	Post Test Year
Plant	80.27%	3.86%
Rev./Exp.	6.31%	2.45%
Gen. Financial	1.71%	2.82%
Other	1.85%	0.74%
Total	90.13%	9.87%

Plant  
Rev./Exp.  
Gen. Fin.  
Other  
Total

# **ATTACHMENT**

## **f**

**ARIZONA-AMERICAN WATER COMPANY**  
**2003 GENERAL RATE CASE**  
**DOCKET NOS. WS-01303A-02-0867, 0868, 0869, 0870, and 0908**  

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**RESPONSE TO DATA REQUEST NO. DWC 4-4**

Response provided by: Robert Kuta  
Title: Manager  
Company Name: Arizona-American Water Company  
Address: 19820 North 7th Street, Suite #201  
Phoenix, AZ 85024

Company Response Number: 4-4

---

Q. Please provide a statement describing all abnormal or non-recurring events during the Test Year or later that are known to have materially impacted revenues, expenses, or rate base investments.

A. As explained in the Direct Testimony of David P. Stephenson, the test year proposed by Arizona-American includes pro forma adjustments necessary to obtain a normal or realistic relationship between revenues, expenses and rate base and to take into account known changes resulting from Arizona-American's acquisition of Citizens' water and wastewater assets. Specific adjustments to revenues, expenses and rate bases were addressed in Mr. Bourassa's direct testimony.

In addition, in the Company's applications, rate bases were adjusted to reflect estimated revenue neutral plant (pro forma plant B-2, page 9) to be placed in service by December 31, 2002. The pro forma plant amounts are now supported by actual figures that in many cases are higher than in the original filing. Further, actual retirements for 2002 are now known. The Company has provided Staff with actual revenue neutral plant additions and retirements in response to a prior data request.

Pursuant to Decision No. 63584 (April 24, 2001), which authorized the sale and transfer of Citizens' water and wastewater assets in Arizona to Arizona-American, the Company transferred 5 percent of the AIAC balance imputed to Arizona-American to CIAC for ratemaking purposes. (Decision No. 63584 is discussed in the Direct Testimony of David P. Stephenson, and a copy of the decision is attached to his testimony as Stephenson Dir. Exh. 1.) The imputed CIAC is amortized over a ten-year period.

Immediately after September 11, 2001, Arizona-American Water Company accelerated efforts to reduce its the vulnerability to anticipated threats. This planned response began

by assessing vulnerabilities and taking active steps to address potential threats to facilities such as disruption, contamination, or catastrophic release of hazardous chemicals or radioactive materials that could adversely impact the ability to provide service. To date, and into the foreseeable future, the Company's efforts have resulted in significant capital and operational expenditures. Our commitment to this effort is fully supported by our Corporate Management and we will continue to aggressively pursue long-term solutions to these areas of risk so as not to compromise the public health and safety of our customers.

Other specific events affecting revenues, expenses, and rate base are:

Sun City Wastewater - The Company's share of the cost of a Tolleson trickling filter, installed in 2001, was removed from operating expenses and included in rate base as a deferred asset. The cost is being amortized using the composite depreciation rate for plant. The trickling filter is addressed in the direct testimony of Mr. Bourassa.

As explained by Mr. Kuta, Arizona-American and Tolleson are completing another amendment to the Tolleson Agreement. The amended agreement contemplates payment by Arizona-American of a new charge, Rate Component Four, to Tolleson for the Company's share of costs related to a 6-year capital improvement program being undertaken by the City. The rate application addresses aspects of this new agreement.

We believe any other abnormal or non-recurring events, during the Test Year or later, that are known to have materially impacted the revenues, expenses, or rate base investments, not mentioned above were addressed in the original rate applications.

---

# **ATTACHMENT**

## **g**

**ARIZONA-AMERICAN WATER COMPANY**  
**2003 GENERAL RATE CASE**  
**DOCKET NOS. WS-01303A-02-0867, 0868, 0869, 0870, and 0908**  

---

**RESPONSE TO DATA REQUEST NO. DWC 4-5**

Response provided by: David Stephenson

Title: Director of Rates and Planning

Company Name: American Water Works Service Company

Address: 303 H Street, Suite 250

Chula Vista, CA 91910

(619) 409-7712

Company Response Number: 4-5

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Q. Please provide a narrative description of important financial or operational developments since the end of the Test Year.

A. The following are operational developments that may have had an impact on Arizona-American since the end of the test year:

- Northeast Aqua Fria Expansion – Due to development growth, Arizona-American has been working with developers in the region northeast of Sun City West to expand our water and wastewater service into this 6000+acre service area. Arizona-American is currently expanding our existing WWTP by 2 mgd of treatment capacity to accommodate this growth and has filed for a CC&N expansion with the Commission.
- Anthem Water/Wastewater Campus Expansion – Due to the customer growth at Anthem several expansions have been completed at the Anthem Water/Wastewater Campus since the end of the Test Year. This includes upgrades to the CAP pump station in Summer 02, finished water reservoir in Jan. 02, upper reservoir pump station in Summer 02, water treatment plant phase 3 expansion in Summer 02 and phase 4 expansion completion anticipated in May 03, and WWTP solids handling facility in Spring 02.
- Sun City West WRP Sludge Dewatering Facility – To address community and odor concerns, this upgrade will provide the WWTP with mechanical sludge handling capabilities and eliminate the use of the existing sludge disposal fields. This project will be completed in Dec. 03.
- Agua Fria District Water System Consolidation –Water systems 04-07-695 (Surprise system), 04-07-645 (Arizona Traditions/Happy Trails), 04-07-441 (Minnesota Title), and 04-07-152 (Clearwater Farms) have been interconnected and formally consolidated into one system – 04-07-695 (Agua Fria district). This combination has allowed for a more reliable water source and streamlined administration and reporting requirements for all these systems.

- Paradise Valley Integration – In 2002, the Paradise Valley Water System and operating staff were integrated into the organizational structure of Arizona-American Water Company's Central Operations (the former Citizens structure). The Superintendent of Paradise Valley now reports directly to the Operations Manager, Central Arizona.

The following are important financial issues that have had an impact on the Company since the end of the test year:

- The water assets of Citizens Utilities were acquired by American Water Works Co., Inc. This acquisition provides the opportunity to become part of the largest privately owned water company in the United States, and as such will provide customers with the potential of significant cost savings due to economies in scale and capitalization.
  - The stock of American Water Works Co., Inc. was purchased by RWE/Thames in a transaction that will now have all of the American customers becoming part of one of the World's largest private utility providers. This again, will provide the opportunity of significant cost savings for the customers through economies that likely would not be present had this acquisition not occurred.
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# **ATTACHMENT**

## **h**

**ARIZONA-AMERICAN WATER COMPANY  
2003 GENERAL RATE CASE  
DOCKET NOS. WS-01303A-02-0867, 0868, 0869, 0870, and 0908  
RESPONSE TO DATA REQUEST NO. 20**

Response provided by: Thomas J. Bourassa  
Title: Consultant  
Company Name: Thomas J. Bourassa, CPA  
Address: 727 W. Maryland Ave. #12  
Phoenix, AZ 85013

Company Response Number: BKB 20-1

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Q. Please provide the payroll distribution reports (as described to Staff in the meeting with the Company on May 1, 2003) to support plant additions for:

- A. 1988 through 1994 (Mohave and Havasu only)
- B. 1995 through 1998
- C. 1999 through 2001

- A. A.) Payroll distribution reports are not available for 1988-1994.
- B.) Please see the attached 1995 through 1998 payroll distribution reports.
- C.) Please see the 1999 through 2001 payroll distribution reports in the files contained on the enclosed disks, Attachments to Responses to Staff's 25<sup>th</sup> Set, CD Nos 1 – 8.

# **ATTACHMENT**

## **i**

**ARIZONA-AMERICAN WATER COMPANY**  
**2003 GENERAL RATE CASE**  
**DOCKET NOS. WS-01303A-02-0867, 0868, 0869, 0870, and 0908**  
**RESPONSE TO DATA REQUEST NO. 20**

Response provided by: Thomas J. Bourassa

Title: Consultant

Company Name: Thomas J. Bourassa, CPA  
Address: 727 W. Maryland Ave. #12  
Phoenix, AZ 85013

Company Response Number: BKB 20-2

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Q. Please provide explanations as to why the plant payroll overhead rates were so variable and consistently higher than most of the Company's systems in other states as follows:

- A. 1995 range was from 38 percent to 245 percent (dependent on system).
- B. 1996 range was from 26 percent to 233 percent (dependent on system).
- C. 1997 range was from 29 percent to 138 percent (dependent on system).
- D. 1998 range was from 23 percent to 106 percent (dependent on system).

A. Payroll overhead loading rates were computed each year based on the prior year's actual experience. The rate included injuries and damages, welfare and pensions, transportation, FICA and Medicare, federal unemployment, and state unemployment. This rate was then applied to direct and indirect labor during the year to capital projects. At the end of each year, as part of the capital projects closing process, the labor burdens applied to CWIP were trued-up to actual.

Variations in the rates are the result of the annual amounts of injuries and damages, welfare and pensions, and transportation relative to a district's total annual payroll.

Please see the file, payroll overhead rates.pdf, on the enclosed disk. This information was previously provided to the Staff during their on-site audit.